



Stock Codes: 1810 (HKD counter) and 81810 (RMB counter)

XIAOMI CORPORATION

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

2025 ANNUAL REPORT

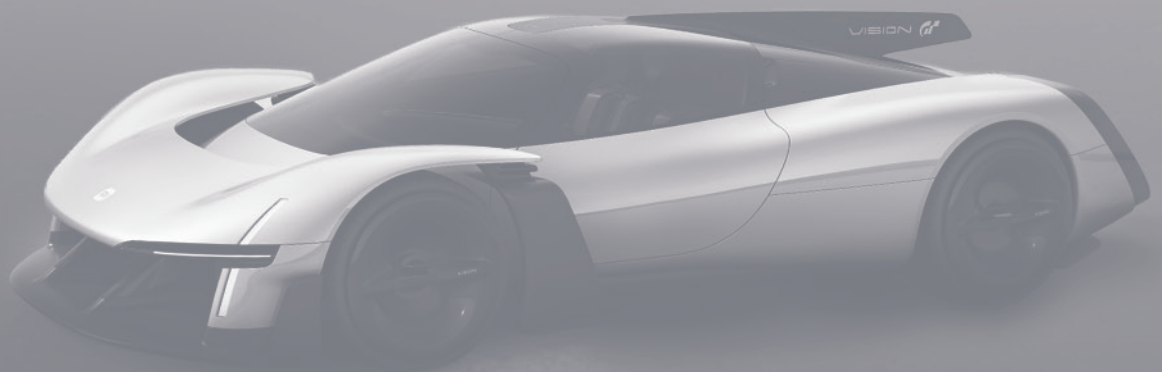
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We relentlessly
build amazing products
with honest prices
to let everyone in the world
enjoy a better life through
innovative technology





CORPORATE INFORMATION

Board of Directors

Executive Directors

Lei Jun (雷軍) *(Chairman of the Board)*

Lin Bin (林斌) *(Vice Chairman of the Board)*

Liu De (劉德)

Non-Executive Director

Liu Qin (劉芹)

Independent Non-Executive Directors

Chen Dongsheng (陳東升)

Wong Shun Tak (王舜德)

Cai Jinqing (蔡金青)

Audit Committee

Wong Shun Tak (王舜德) *(Chairman)*

Liu Qin (劉芹)

Chen Dongsheng (陳東升)

Remuneration Committee

Chen Dongsheng (陳東升) *(Chairman)*

Lei Jun (雷軍)

Wong Shun Tak (王舜德)

Nomination Committee

Wong Shun Tak (王舜德) *(Chairman)*

Lin Bin (林斌)

Cai Jinqing (蔡金青)

Corporate Governance Committee

Chen Dongsheng (陳東升) *(Chairman)*

Wong Shun Tak (王舜德)

Cai Jinqing (蔡金青)

Joint Company Secretaries

So Ka Man (蘇嘉敏)

Liu Hao (劉灝)

Authorized Representatives

Lin Bin (林斌)

So Ka Man (蘇嘉敏)

Auditor

PricewaterhouseCoopers

Certified Public Accountants and Registered Public Interest

Entity Auditor

22/F, Prince's Building, Central, Hong Kong

Registered Office

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head Office and Principal Place of Business in the Chinese Mainland

Xiaomi Campus
Anningzhuang Road
Haidian District
Beijing
The People's Republic of China

Principal Place of Business in Hong Kong

Room 1928, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Hong Kong Legal Advisor

Skadden, Arps, Slate, Meagher & Flom and affiliates
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Compliance Advisor

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Principal Banker

Shouti Technology Finance Sub-Branch,
Beijing Branch, China Merchants Bank

Stock Codes

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Company Website

www.mi.com

FIVE-YEAR FINANCIAL SUMMARY

Condensed consolidated statements of comprehensive income

	Year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	457,286,687	365,906,350	270,970,141	280,044,016	328,309,145
Gross profit	101,805,847	76,560,194	57,476,239	47,577,190	58,260,941
Operating profit	47,900,920	24,502,896	20,008,670	2,816,498	26,028,664
Profit before income tax	49,646,865	28,126,653	22,011,047	3,933,956	24,417,033
Profit for the year	41,566,439	23,578,449	17,474,196	2,502,568	19,283,235
Profit attributable to owners of the Company	41,643,389	23,658,126	17,475,173	2,474,030	19,339,321
Total comprehensive income for the year	38,900,700	24,338,685	18,510,061	6,247,923	17,879,021
Total comprehensive income attributable to owners of the Company	38,993,674	24,407,696	18,507,548	6,201,669	17,940,990
Non-IFRS Measure: Adjusted net profit	39,166,303	27,234,531	19,272,754	8,518,007	22,039,474

Condensed consolidated balance sheets

	As of December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets					
Non-current assets	253,285,178	177,446,523	125,194,739	113,092,416	107,040,469
Current assets	254,810,789	225,708,766	199,052,700	160,414,795	185,851,401
Total assets	508,095,967	403,155,289	324,247,439	273,507,211	292,891,870
Equity and liabilities					
Equity attributable to owners of the Company	266,218,661	188,737,777	163,995,489	143,658,458	137,212,906
Non-controlling interests	104,608	467,342	266,279	264,602	219,590
Total equity	266,323,269	189,205,119	164,261,768	143,923,060	137,432,496
Non-current liabilities	49,367,221	38,565,180	44,398,075	39,956,618	39,731,903
Current liabilities	192,405,477	175,384,990	115,587,596	89,627,533	115,727,471
Total liabilities	241,772,698	213,950,170	159,985,671	129,584,151	155,459,374
Total equity and liabilities	508,095,967	403,155,289	324,247,439	273,507,211	292,891,870

xiaomi

Year ended December 31, 2025



Total revenue

457.3
RMB billion



Smartphone x AIoT
segment revenue

351.2
RMB billion



Smart EV, AI and
other new initiatives
segment revenue

106.1
RMB billion



Gross profit margin

22.3%



Smartphone
shipments

165.2
million units



Connected IoT
devices⁽¹⁾

1,079.2
million units



Global MAU⁽²⁾

754.1
million



Smart EV deliveries

411,082
vehicles

Notes:

(1) As of December 31, 2025, excluding smartphones, tablets and laptops.

(2) In December 2025, global monthly active users including smartphones and tablets.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present our annual report for the year ended December 31, 2025 to the shareholders.

Business Review and Outlook



1. Overall Performance

In 2025, we continued to implement our core operating strategy of “steadfastly forging ahead,” delivering solid growth across our businesses. Total revenue and adjusted net profit both reached record highs. In 2025, total revenue was RMB457.3 billion, representing a year-over-year increase of 25.0%. Segment-wise, in 2025, revenue of our smartphone × AIoT segment reached RMB351.2 billion, up 5.4% year-over-year; revenue of our smart electric vehicle (“EV”), AI and other new initiatives segment reached RMB106.1 billion, up 223.8% year-over-year. In 2025, our adjusted net profit reached RMB39.2 billion, up 43.8% year-over-year.

We continued to advance our “Human × Car × Home” corporate strategy. In 2025, our smartphone shipments reached 165.2 million units. According to Omdia, in 2025, we maintained top 3 global smartphone shipment ranking for the 5th consecutive year, with a market share of 13.3%. Meanwhile, we continued to expand our user ecosystem. In December 2025, our global monthly active users (“MAU”)¹ reached another record high of 754.1 million, up 7.4% year-over-year. As of December 31, 2025, the number of connected IoT devices on our AIoT platform (excluding smartphones, tablets and laptops) reached 1,079.2 million, up 19.3% year-over-year. In 2025, we achieved total deliveries of 411,082 vehicles.

We continued to execute on our 2020–2030 goal of investing in foundational core technologies and becoming a global leader in the evolving realm of cutting-edge technologies. In 2025, our research and development (“R&D”) expenses increased by 37.8% year-over-year to RMB33.1 billion. As of December 31, 2025, our research and development personnel reached a record high of 25,457. Over the past five years, our cumulative R&D expenses reached RMB105.5 billion. In addition, we expect that beginning in 2026, our cumulative R&D expenses over the next five years (2026–2030) will exceed RMB200 billion.

2025 marked a year of major technological breakthroughs for Xiaomi. In January 2026, we held the 2025 Xiaomi Technology Awards ceremony. Our self-developed application processor, the *Xiaomi XRING 01*, received the First Prize of the Technology Award, in recognition of its outstanding performance across multiple fronts, including innovation, industry leadership and impact. The Dynamic Back Display of *Xiaomi 17 Pro Series*, 2,200 MPa Xiaomi Ultra-high strength steel, and Xiaomi EV “Four-in-One Domain Control Module” were awarded Second Prize. Third Prize winners included projects such as the innovative architecture of *Xiaomi AI Glasses*, the end-to-end + reinforcement learning parking assistance system, the 10-million-clip version of Xiaomi end-to-end assisted driving system, Xiaomi HyperRGB technology, LOFIC HDR technology, the irregular high-silicon battery structural technology, and the ordered mesoporous silicon-carbon battery material. As of 2026, the Xiaomi Technology Awards have been held for seven consecutive years, with total awards granted exceeding RMB75 million.

¹ Including smartphones and tablets.

We continued to advance our artificial intelligence (AI) capabilities. In terms of foundation models, in December 2025, we unveiled our open-sourced *Xiaomi MiMo-V2-Flash*, a Mixture-of-Experts (MoE) model with 309 billion total parameters and 15 billion active parameters developed for extreme inference efficiency. In March 2026, we released *Xiaomi MiMo-V2-Pro*, our flagship foundation model built for real-world agentic scenarios. The model features over 1 trillion total parameters (with 42 billion active parameters), adopts an innovative hybrid attention architecture, and supports an ultra-long context window of up to 1 million tokens. *Xiaomi MiMo-V2-Pro* performs strongly across major agent benchmarks. According to the Artificial Analysis Intelligence Index, *Xiaomi MiMo-V2-Pro* ranked 8th by model and ranked 5th by brand.² According to PinchBench, *Xiaomi MiMo-V2-Pro* ranked 3rd globally in average task completion rate.³ On the OpenRouter platform, *Xiaomi MiMo-V2-Pro* ranked 1st in token usage.⁴ On the same day, we also released *Xiaomi MiMo-V2-Omni*, an omni foundation model uniting frontier multimodal understanding with strong agentic capability, unifying text, vision, and speech within a single multimodal foundation. This design breaks the traditional limitation of models that emphasize understanding over execution, enabling native capabilities in multimodal perception, tool calling, function execution, and GUI interaction. According to PinchBench, *Xiaomi MiMo-V2-Omni* ranked 2nd in average task completion rate.⁵ In addition, we released *Xiaomi MiMo-V2-TTS*, a text-to-speech foundation model, empowering intelligent agents not only to understand the world, but also to communicate with users through expressive, natural, and emotionally rich speech.

We leverage our AI capabilities to comprehensively empower our “Human × Car × Home” ecosystem. In March 2026, our mobile agent, *Xiaomi miclaw*, entered invitation beta testing. Built upon the Xiaomi MiMo large foundation model, the AI interaction prototype focuses on validating large models’ execution capabilities within our “Human × Car × Home” ecosystem, exploring the evolving applications of large models from conversational intelligence to system-level task execution. *Xiaomi miclaw* enables smartphones to function as AI tools. It understands user intent and, upon authorization, can invoke applications and ecosystem capabilities, select system-level tools to execute commands, continuously optimize its behavior, and leverage its memory system to improve its understanding of user needs. In November 2025, we unveiled *Xiaomi Miloco (Xiaomi Local Copilot)*, our futuristic smart home solutions to explore smart home living powered by large-model technologies.

2 As of March 18, 2026.

3 As of March 19, 2026.

4 From March 12 to March 23, 2026.

5 As of March 19, 2026.

We keep exploring the frontier of physical intelligence. In February 2026, we released *TacRefineNet* as a phased research achievement in the field of embodied intelligence. It is a tactile-driven, dexterous robotic grasping fine-tuned model, enabling millimeter-level precision based solely on tactile sensing. In February 2026, we open-sourced our first-generation robotics large vision-language-action (VLA) model, *Xiaomi-Robotics-0*, featuring 4.7 billion parameters, capable of integrating vision-language understanding with real-time high-performance execution. The open source VLA model achieved state-of-the-art performance across the three mainstream simulation benchmarks, and demonstrated generalized physical intelligence in real-robot evaluations, operating with fluid motion and high responsiveness, while supporting real-time inference on consumer-grade GPUs. Furthermore, in March 2026, we conducted a demonstration at the Xiaomi EV factory where our embodied robots autonomously operated for 3 consecutive hours at the self-piercing nut loading workstation. The robots achieved a 90.2% success rate while satisfying the production line's fastest takt time of 76 seconds. This represents the first step toward the scaled adoption of our embodied intelligence in EV manufacturing scenarios.

In February 2026, we officially debuted the *Xiaomi Vision Gran Turismo* in Barcelona, Spain. The Vision Gran Turismo is a futuristic supercar concept project exclusively designed for the *Gran Turismo* simulation racing platform. Xiaomi became the 36th brand to join the project and the creator of the 51st Vision Gran Turismo concept vehicle. Notably, Xiaomi was the first Chinese brand and the first technology company invited to participate in this prestigious project. Our collaboration with *Gran Turismo* not only reflects recognition from one of the world's leading driving simulation platforms, but also represents a deep exploration of innovative design built upon Xiaomi EV's strong foundation in advanced technology.

We continued to advance our new retail strategy globally. As of December 2025, the total number of our Xiaomi stores in the Chinese Mainland reached approximately 18,000, with a net addition of more than 3,000 during 2025. Among these, the number of our large-format stores (over 500 square meters) reached approximately 240, with a net addition of more than 170 during 2025. At the same time, we steadily expanded our new retail model in the overseas markets, with the total number of overseas new retail stores reaching approximately 450, with a net addition of more than 435 during 2025, covering Southeast Asia, Europe, East Asia, Latin America, Africa, etc.

We are committed to continuously enhancing shareholder value, and have been actively repurchasing our shares in the open market. In 2025, we repurchased approximately 152.6 million shares for approximately HK\$6.3 billion. In January 2026, for the first time, we announced an automatic share buy-back program for up to HK\$2.5 billion.

2. Smartphone × AIoT

In 2025, revenue from our smartphone × AIoT segment reached a record high of RMB351.2 billion, up 5.4% year-over-year. The gross profit margin of our smartphone × AIoT segment reached a record high of 21.7%, up 0.5 percentage points year-over-year.

Smartphones

In 2025, our smartphone revenue reached RMB186.4 billion, with a gross profit margin of 10.9%. Our global smartphone shipments reached 165.2 million units. According to third party data, in 2025, we rose to No. 2 in terms of smartphone units sold in the Chinese Mainland with a market share of 16.6%, up by 0.7 percentage points year-over-year. According to Omdia, in 2025, we maintained our top 3 global smartphone shipment ranking for the 5th consecutive year, with a market share of 13.3%. In 2025, our smartphone shipments rose to No. 2 in Latin America and Southeast Asia, with market share reaching 17.5% and 17.0%, respectively, each up 0.9 percentage points year-over-year. We ranked No. 3 in Europe and Africa, with our market share rising by 0.6 and 1.4 percentage points year-over-year to 20.3% and 12.7%, respectively. In 2025, our smartphone shipments ranked among the top three in 58 countries and regions globally and among the top five in 70 countries and regions globally.

We achieved significant breakthroughs in our premiumization strategy. According to third-party data, in 2025, our premium smartphone⁶ units sold accounted for a record high of 27.1% of our total smartphone units sold in the Chinese Mainland, representing an increase of 3.8 percentage points year-over-year. Our smartphone units sold in the RMB4,000–6,000 segment in the Chinese Mainland garnered a market share of 17.3%, up 0.5 percentage points year-over-year. In the RMB6,000–10,000 price segment, our smartphone market share increased by 2.3 percentage points year-over-year to 4.5%.

In September 2025, we unveiled the *Xiaomi 17 Series*, our flagship smartphones. For the first time, the *Xiaomi 17 Pro Series* was upgraded to two models, *Xiaomi 17 Pro* and *Xiaomi 17 Pro Max*, debuting the Dynamic Back Display, which introduces new back display features such as the ability to take selfies directly using the main cameras, AI wallpapers, dynamic information notifications. In December 2025, we upgraded the Global Imaging Strategic Cooperation between Xiaomi and Leica. Building upon the highly productive “Joint R&D” foundation, we introduced a new “Strategic Co-creation Model”, with *Xiaomi 17 Ultra by Leica* as the first product under this new collaborative framework. Equipped with a Leica 1-inch ultra dynamic camera and a Leica 200MP optical zoom telephoto camera, it boasts significantly enhanced imaging capabilities. Moreover, for the first time, the device features the iconic Leica red dot badge on its body and is equipped with the mobile imaging sector’s first Leica Camera Ring, designed for advanced imaging creators. In February 2026, we held the *Xiaomi 17 Series* Global Launch Event in Barcelona, Spain, unveiling the *Xiaomi 17*, *Xiaomi 17 Ultra* and the *Leica Leitzphone powered by Xiaomi*, priced starting at EUR999, EUR1,499 and EUR1,999, respectively.

⁶ Premium smartphones in the Chinese Mainland are models with retail prices at or above RMB3,000.

IoT and lifestyle products

In 2025, revenue from our IoT and lifestyle products reached a record high of RMB123.2 billion, up 18.3% year-over-year, and both domestic and overseas revenues achieved record highs. Gross profit margin reached a record high of 23.1%, up 2.8 percentage points year-over-year.

As of December 31, 2025, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform increased to 1,079.2 million, up 19.3% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 22.7 million, up 23.6% year-over-year. In December 2025, the MAU of our Xiaomi Home App grew to 112.7 million, up 11.7% year-over-year. The MAU of our AI Assistant (“小愛同學”) grew to 159.9 million, up 16.7% year-over-year.

In 2025, our smart large home appliances revenue reached a record high, up 23.1% year-over-year. Our air conditioner shipments exceeded 8.5 million units, up over 24% year-over-year; our refrigerator shipments exceeded 2.8 million units, up over 4% year-over-year; and our washing machine shipments exceeded 2.3 million units, up over 18% year-over-year. Shipments across three product categories all reached record highs. In 2025, Xiaomi smart large home appliances officially entered the European market, covering countries including Spain, France, Germany, Italy, etc.

According to Omdia, in 2025, our global shipments of wearable bands⁷ grew by 22.6% year-over-year, ranking No. 1 globally and No. 2 in the Chinese Mainland. Our global TWS earbud shipments grew by 32.3% year-over-year, ranking No. 2 globally and No. 1 in the Chinese Mainland. In addition, in 2025, our shipments of Xiaomi AI Glasses ranked No. 3 globally and No. 1 in the Chinese Mainland.

According to Omdia, in 2025, our global tablet shipments grew by 25.2% year-over-year, ranking among the top five globally and among the top three in the Chinese Mainland.

7 Including basic bands, basic watches, and smart watches.

Internet services

In 2025, our internet services maintained healthy growth momentum, with full-year revenue reaching a record high. In 2025, our internet services revenue reached RMB37.4 billion, up 9.7% year-over-year. The gross profit margin of our internet services reached 76.5%.

Our internet user base continued to expand. The MAU globally and in the Chinese mainland both hit record highs. In December 2025, our global MAU reached 754.1 million, up 7.4% year-over-year, and our MAU in the Chinese Mainland reached 190.4 million, up 10.1% year-over-year. In December 2025, the global MAU of our smart TVs⁸ reached 74.8 million, up 5.9% year-over-year.

In 2025, our advertising revenue reached a record high of RMB28.5 billion, up 15.2% year-over-year.

In 2025, our overseas internet services revenue reached a record high of RMB12.6 billion, up 15.2% year-over-year. Overseas internet services revenue accounted for 33.8% of our total internet services revenue, reaching a record high.

3. Smart EV, AI and Other New Initiatives

In 2025, revenue from our smart EV, AI and other new initiatives segment reached RMB106.1 billion, exceeding RMB100.0 billion, up 223.8% year-over-year, consisting of RMB103.3 billion from smart EV and RMB2.8 billion from other related businesses. In 2025, the gross profit margin of our smart EV, AI and other new initiatives segment reached 24.3%, up 5.8 percentage points year-over-year. In 2025, our smart EV, AI and other new initiatives segment achieved positive income from operations⁹ for the first time, of RMB0.9 billion.

In 2025, we achieved total deliveries of 411,082 vehicles, up 200.4% year-over-year. In 2025, the *Xiaomi SU7 Series* ranked No. 1 in sales among sedans priced at or above RMB200,000 in the Chinese Mainland. As of February 2026, the *Xiaomi YU7 Series* ranked No. 1 in mid- to large-size SUV sales in the Chinese Mainland for 7 consecutive months.¹⁰

8 Including *Xiaomi Box* and *Xiaomi TV Stick*.

9 Defined as gross profit minus operating expenses.

10 Source: Autohome, from August 2025 to February 2026.

In March 2026, we officially launched the *New-Generation Xiaomi SU7 Series* ("**New-Generation SU7**"). The *New-Generation SU7* offers a comprehensive upgrade across safety, driving performance, intelligent experience, and premium comfort versus the previous generation. The *New-Generation SU7* is equipped with the *Xiaomi HyperEngine V6s Plus*, which achieves an energy transmission efficiency of 94% from battery to wheels through an upgraded energy flow management system. The entire lineup adopts a silicon carbide high-voltage platform and delivers long driving range, with the Pro model achieving a CLTC range of up to 902km. The *New-Generation SU7* also debuts the *Xiaomi Smart Chassis 2.0*, combining high-quality hardware, refined tuning, and advanced software-hardware integration to deliver precise, stable, and safe driving performance. In terms of assisted driving, the *new-generation SU7* has been comprehensively upgraded. On the hardware side, it comes standard with LiDAR and 700 TOPS of computing power for assisted driving. On the software side, the lineup is equipped with the latest Xiaomi HAD system, powered by the Xiaomi XLA architecture, marking a major upgrade of Xiaomi assisted driving, evolving from "imitating humans" to "truly understanding the world". Continuing our uncompromising commitment to safety, the *New-Generation SU7* features an armor-cage steel-aluminum hybrid body structure, incorporating 2,200MPa ultra-high strength steel. The battery pack has undergone over 1,230 rigorous safety tests. In addition, the door handle design fully complies with the upcoming 2027 Chinese national safety standards. The *New-Generation SU7* was priced starting at RMB219,900, RMB249,900, and RMB303,900 for the Standard, Pro, and Max models, respectively. Locked-in orders for the *new-generation SU7* exceeded 15,000 within 34 minutes of launch, and surpassed 30,000 in the first 3 days after launch.

We continued to expand our sales and service network. As of December 31, 2025, in the Chinese Mainland, we opened 477 smart EV sales centers¹¹ across 138 cities.

11 The sales centers of Xiaomi EV include Xiaomi EV delivery centers, Xiaomi EV sales and service centers and Xiaomi stores.

4. Corporate Social Responsibility (CSR)

We are committed to advance sustainable development. As part of our low-carbon development efforts, we procured over 40 million kWh of green electricity in 2025, representing a more than 10-fold year-over-year increase in transaction volume. In 2025, the photovoltaic electricity consumption of the Xiaomi EV Factory exceeded 13 million kWh, reducing annual carbon emissions by nearly 10,000 tons.

In terms of ESG ratings, we received a Management (B) score on both the 2025 climate change and water security questionnaires of the Carbon Disclosure Project (CDP). Moreover, in March 2026, we earned the Gold Medal by EcoVadis for the 3rd consecutive year, scoring a record high of 81, gaining continued recognition for our ESG practices.

Our Pledge

Our mission is to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. To achieve this, as approved by our Board in May 2018, we pledged to our existing and potential users that starting from 2018, the Xiaomi Hardware Business (“**HB**”)¹² would have an overall net profit margin that would not exceed 5% per year. If the net margin exceeds 5.0%, we will return the excess above 5.0% to our users. In 2025, the overall net margin of our hardware business was 2.3%, fulfilling our pledge. (For the definition of hardware business net margin, please refer to Hardware Business Net Margin.)

Lei Jun

Chairman

Hong Kong

March 24, 2026

12 In 2025, the Xiaomi HB mainly includes smartphones, IoT and lifestyle products, smart EVs, and other new initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The following table sets forth the comparative figures for the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025	2024
	(RMB in millions)	
Revenue	457,286.7	365,906.4
Cost of sales	(355,480.9)	(289,346.2)
Gross profit	101,805.8	76,560.2
Research and development expenses	(33,132.2)	(24,050.5)
Selling and marketing expenses	(33,214.3)	(25,389.6)
Administrative expenses	(6,653.0)	(5,601.2)
Fair value changes on financial instruments measured at fair value through profit or loss	13,311.7	1,050.8
Share of net profits of investments accounted for using the equity method	326.1	276.8
Other income	2,736.9	1,666.8
Other gains/(losses), net	2,719.9	(10.4)
Operating profit	47,900.9	24,502.9
Finance income, net	1,746.0	3,623.8
Profit before income tax	49,646.9	28,126.7
Income tax expenses	(8,080.5)	(4,548.3)
Profit for the year	41,566.4	23,578.4
Non-IFRS Measure: Adjusted net profit	39,166.3	27,234.5

Revenue

Revenue increased by 25.0% to RMB457.3 billion for the year ended December 31, 2025, compared to RMB365.9 billion for the year ended December 31, 2024. The following table sets forth our revenue by segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	351,217.2	76.8%	333,152.8	91.0%
Smart EV, AI and other new initiatives	106,069.5	23.2%	32,753.6	9.0%
Total revenue	457,286.7	100.0%	365,906.4	100.0%

Smartphone × AIoT

Revenue from our smartphone × AIoT segment increased by 5.4% from RMB333.2 billion for the year ended December 31, 2024 to RMB351.2 billion for the year ended December 31, 2025. The following table sets forth our revenue by line of our smartphone × AIoT segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	186,439.8	40.8%	191,759.3	52.4%
IoT and lifestyle products	123,200.2	26.9%	104,103.9	28.5%
Internet services	37,440.3	8.2%	34,115.4	9.3%
Other related businesses	4,136.9	0.9%	3,174.2	0.8%
Total revenue of smartphone × AIoT segment	351,217.2	76.8%	333,152.8	91.0%

(i) Smartphones

Revenue from our smartphones decreased by 2.8% from RMB191.8 billion for the year ended December 31, 2024 to RMB186.4 billion for the year ended December 31, 2025, primarily due to the decrease in both our smartphone shipments and average selling price (“ASP”). Our smartphone shipments decreased by 2.0% from 168.5 million units for the year ended December 31, 2024 to 165.2 million units for the year ended December 31, 2025, primarily due to the decreased shipments in India, partially offset by the increased shipments in the Chinese Mainland and other international regions such as Latin America and Africa. Our smartphone shipments in the Chinese Mainland increased by 4.1% for the year ended December 31, 2025, despite the Chinese Mainland smartphone shipments decreased by 0.8% year-over-year, according to Omdia. The ASP of our smartphones decreased slightly by 0.8% from RMB1,138.2 per unit for the year ended December 31, 2024 to RMB1,128.7 per unit for the year ended December 31, 2025, primarily due to the growth on shipments in emerging markets which carry lower ASP, partially offset by the higher contribution of smartphone shipments in the Chinese Mainland which carry higher ASP.

(ii) IoT and lifestyle products

Revenue from our IoT and lifestyle products increased by 18.3% from RMB104.1 billion for the year ended December 31, 2024 to RMB123.2 billion for the year ended December 31, 2025, primarily due to the increased revenue from certain lifestyle products and tablets in the global market as well as smart large home appliances and wearables in the Chinese Mainland, driven by the national subsidies during the first half of the year.

Revenue from our tablets increased by 30.2% year-over-year, primarily due to the increased shipments of *Xiaomi Pad 7 Series* and *REDMI Pad 2 Series* in the global market.

Revenue from our smart large home appliances increased by 23.1% year-over-year, primarily due to the increased shipments in the Chinese Mainland.

Revenue from our wearables increased by 30.7% year-over-year, primarily due to the increased shipments and ASP of our smart bands and smart watches in the Chinese Mainland.

(iii) Internet services

Revenue from our internet services increased by 9.7% from RMB34.1 billion for the year ended December 31, 2024 to RMB37.4 billion for the year ended December 31, 2025, primarily due to the increased revenue from our advertising business.

(iv) Other related businesses

Revenue from our other related businesses increased by 30.3% from RMB3.2 billion for the year ended December 31, 2024 to RMB4.1 billion for the year ended December 31, 2025, primarily due to the increased revenue from installation services provided for air conditioners.

Smart EV, AI and Other New Initiatives

Revenue from our smart EV, AI and other new initiatives segment increased by 223.8% from RMB32.8 billion for the year ended December 31, 2024 to RMB106.1 billion for the year ended December 31, 2025.

Revenue from our smart EV increased by 221.8% from RMB32.1 billion for the year ended December 31, 2024 to RMB103.3 billion for the year ended December 31, 2025, primarily due to the increase in both our vehicle deliveries and ASP. Our vehicle deliveries increased by 200.4% from 136,854 units for the year ended December 31, 2024 to 411,082 units for the year ended December 31, 2025, primarily due to the introduction of *Xiaomi SU7 Ultra* and *Xiaomi YU7 Series*, as well as the increased deliveries of the *Xiaomi SU7 Series*. The ASP of our smart EV increased by 7.1% from RMB234,479 per unit for the year ended December 31, 2024 to RMB251,171 per unit for the year ended December 31, 2025, primarily due to the deliveries of *Xiaomi SU7 Ultra* and *Xiaomi YU7 Series* with higher ASP.

Revenue from our other related businesses increased by 324.2% from RMB0.7 billion for the year ended December 31, 2024 to RMB2.8 billion for the year ended December 31, 2025, primarily due to the increased revenue from after-sales services, sales of accessories and auto financing services.

Cost of Sales

Our cost of sales increased by 22.9% from RMB289.3 billion for the year ended December 31, 2024 to RMB355.5 billion for the year ended December 31, 2025. The following table sets forth our cost of sales by segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Amount	% of total revenue	Amount	% of total revenue
(RMB in millions, unless specified)				
Smartphone × AIoT	275,174.8	60.1%	262,642.9	71.8%
Smart EV, AI and other new initiatives	80,306.1	17.6%	26,703.3	7.3%
Total cost of sales	355,480.9	77.7%	289,346.2	79.1%

Smartphone × AIoT

Cost of sales related to our smartphone × AIoT segment increased by 4.8% from RMB262.6 billion for the year ended December 31, 2024 to RMB275.2 billion for the year ended December 31, 2025. The following table sets forth our cost of sales by line of our smartphone × AIoT segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	166,173.6	36.3%	167,505.5	45.8%
IoT and lifestyle products	94,776.8	20.7%	83,011.8	22.7%
Internet services	8,800.1	1.9%	7,968.6	2.2%
Other related businesses	5,424.3	1.2%	4,157.0	1.1%
Total cost of sales of smartphone × AIoT segment	275,174.8	60.1%	262,642.9	71.8%

(i) Smartphones

Cost of sales related to our smartphones decreased by 0.8% from RMB167.5 billion for the year ended December 31, 2024 to RMB166.2 billion for the year ended December 31, 2025, primarily due to the decreased sales of our smartphones.

(ii) IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products increased by 14.2% from RMB83.0 billion for the year ended December 31, 2024 to RMB94.8 billion for the year ended December 31, 2025, primarily due to the increased sales of our IoT and lifestyle products.

(iii) Internet services

Cost of sales related to our internet services increased by 10.4% from RMB8.0 billion for the year ended December 31, 2024 to RMB8.8 billion for the year ended December 31, 2025, primarily due to the increased cost of our advertising business.

(iv) Other related businesses

Cost of sales related to our other related businesses increased by 30.5% from RMB4.2 billion for the year ended December 31, 2024 to RMB5.4 billion for the year ended December 31, 2025, primarily due to the increased sales from installation services provided for air conditioners, as well as the increased cost from sales of materials.

Smart EV, AI and Other New Initiatives

Cost of sales related to our smart EV, AI and other new initiatives segment increased by 200.7% from RMB26.7 billion for the year ended December 31, 2024 to RMB80.3 billion for the year ended December 31, 2025, primarily due to the increased sales of our smart EV.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 33.0% from RMB76.6 billion for the year ended December 31, 2024 to RMB101.8 billion for the year ended December 31, 2025. Our gross profit margin increased from 20.9% for the year ended December 31, 2024 to 22.3% for the year ended December 31, 2025.

The following table sets forth our gross profit and margin by segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Gross profit	Gross margin %	Gross profit	Gross margin %
	(RMB in millions, unless specified)			
Smartphone × AIoT	76,042.4	21.7%	70,509.9	21.2%
Smart EV, AI and other new initiatives	25,763.4	24.3%	6,050.3	18.5%
Total gross profit and margin	101,805.8	22.3%	76,560.2	20.9%

Smartphone × AIoT

The gross profit margin from our smartphone × AIoT segment increased from 21.2% for the year ended December 31, 2024 to 21.7% for the year ended December 31, 2025. The following table sets forth our gross profit and margin by line of our smartphone × AIoT segment for the year ended December 31, 2025 and the year ended December 31, 2024:

	Year ended December 31,			
	2025		2024	
	Gross profit	Gross margin %	Gross profit	Gross margin %
	(RMB in millions, unless specified)			
Smartphone × AIoT				
Smartphones	20,266.2	10.9%	24,253.8	12.6%
IoT and lifestyle products	28,423.4	23.1%	21,092.1	20.3%
Internet services	28,640.2	76.5%	26,146.8	76.6%
Other related businesses	(1,287.4)	(31.1%)	(982.8)	(31.0%)
Total gross profit and margin of smartphone × AIoT segment	76,042.4	21.7%	70,509.9	21.2%

The gross profit margin from our smartphones decreased from 12.6% for the year ended December 31, 2024 to 10.9% for the year ended December 31, 2025, mainly due to the reduction in national subsidies in the Chinese Mainland and the increased price of key components in the second half of the year, as well as the increased competition in the global market.

The gross profit margin from our IoT and lifestyle products increased from 20.3% for the year ended December 31, 2024 to 23.1% for the year ended December 31, 2025, mainly due to the increased gross profit margin and higher revenue contribution of products with higher gross profit margin, such as wearables and certain lifestyle products.

The gross profit margin from our internet services remained roughly stable at 76.5% for the year ended December 31, 2025, compared to 76.6% for the year ended December 31, 2024.

Smart EV, AI and Other New Initiatives

The gross profit margin from our smart EV, AI and other new initiatives segment increased from 18.5% for the year ended December 31, 2024 to 24.3% for the year ended December 31, 2025, primarily due to the deliveries of *Xiaomi SU7 Ultra* and *Xiaomi YU7 Series*, as well as the increased gross profit margin of other related businesses.

Operating Expenses

Our operating expenses increased by 32.6% from RMB55.0 billion for the year ended December 31, 2024 to RMB73.0 billion for the year ended December 31, 2025. Our operating expenses related to our smart EV, AI and other new initiatives segment increased by 87.7% from RMB13.2 billion for the year ended December 31, 2024 to RMB24.8 billion¹³ for the year ended December 31, 2025.

Research and Development Expenses

Our research and development expenses increased by 37.8% from RMB24.1 billion for the year ended December 31, 2024 to RMB33.1 billion for the year ended December 31, 2025, primarily due to the higher research and development expenses related to our smart EV, AI and other new initiatives, as well as the increase in compensation for research and development personnel related to smartphone × AIoT.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 30.8% from RMB25.4 billion for the year ended December 31, 2024 to RMB33.2 billion for the year ended December 31, 2025, primarily due to the increase in selling and marketing expenses related to our smart EV, logistics expenses related to smartphone × AIoT, as well as expenses related to expansion of our new retail stores.

Administrative Expenses

Our administrative expenses increased by 18.8% from RMB5.6 billion for the year ended December 31, 2024 to RMB6.7 billion for the year ended December 31, 2025, primarily due to the increase in compensation for administrative personnel, partially offset by the decrease in credit loss allowance for receivables.

Fair Value Changes on Financial Instruments Measured at Fair Value Through Profit or Loss

Our fair value changes on financial instruments measured at fair value through profit or loss increased from a gain of RMB1.1 billion for the year ended December 31, 2024 to a gain of RMB13.3 billion for the year ended December 31, 2025, primarily due to the higher fair value gains of listed equity investments, and the fair value gains of unlisted preferred shares investments for the year ended December 31, 2025, compared to fair value losses of unlisted preferred shares investments for the year ended December 31, 2024.

¹³ Including share-based compensation expenses of RMB1.6 billion related to our smart EV, AI and other new initiatives segment for the year.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method increased from net profits of RMB276.8 million for the year ended December 31, 2024 to net profits of RMB326.1 million for the year ended December 31, 2025.

Other Income

Our other income increased by 64.2% from RMB1.7 billion for the year ended December 31, 2024 to RMB2.7 billion for the year ended December 31, 2025, primarily due to the increase of subsidy income.

Other Gains/(Losses), Net

Our net other gains/(losses) changed from a net loss of RMB10.4 million for the year ended December 31, 2024 to a net gain of RMB2.7 billion for the year ended December 31, 2025, primarily due to the increase of deemed disposal gains of investments accounted for using the equity method, as well as the change from foreign exchange losses to gains.

Finance Income, Net

Our net finance income decreased by 51.8% from RMB3.6 billion for the year ended December 31, 2024 to RMB1.7 billion for the year ended December 31, 2025, primarily due to the change of value of financial liabilities payable to fund investors, partially offset by the increase of interest income due to our higher cash balance.

Income Tax Expenses

Our income tax expenses increased by 77.7% from RMB4.5 billion for the year ended December 31, 2024 to RMB8.1 billion for the year ended December 31, 2025, primarily due to increase of taxable profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 76.3% from RMB23.6 billion for the year ended December 31, 2024 to RMB41.6 billion for the year ended December 31, 2025.

Adjusted Net Profit

Our adjusted net profit increased by 43.8% from RMB27.2 billion for the year ended December 31, 2024 to RMB39.2 billion for the year ended December 31, 2025.

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2025	2024
	(RMB in millions)	
Net cash generated from operating activities ⁽¹⁾	34,142.4	39,295.5
Net cash used in investing activities	(71,678.7)	(35,386.4)
Net cash generated from/(used in) financing activities ⁽¹⁾	30,765.9	(3,999.0)
Net decrease in cash and cash equivalents	(6,770.4)	(89.9)
Cash and cash equivalents at the beginning of the year	33,661.4	33,631.3
Effects of exchange rate changes on cash and cash equivalents	23.4	120.0
Cash and cash equivalents at the end of the year	26,914.4	33,661.4

Note:

- (1) Excluding (1) the change of trade payables related to the finance factoring business; (2) the change of loan and interest receivables and impairment provision for loan receivables mainly resulting from the fintech business; and (3) the change of restricted cash resulting from the fintech business, the net cash generated from operating activities was RMB35.3 billion and RMB40.6 billion for the years ended December 31, 2025 and 2024, respectively. Excluding the change of borrowings for the finance factoring business, the net cash generated from financing activities was RMB27.6 billion for the year ended December 31, 2025 and the net cash used in financing activities was RMB6.9 billion for the year ended December 31, 2024. The information in this footnote is based on the management accounts of the Group, which have not been audited or reviewed by the Group's auditor. The accounting policies applied in the preparation of the management accounts are consistent with those used for other figures in this annual report.

Net Cash Generated from Operating Activities

Net cash generated from our operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily comprise our profit before income tax adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2025, our net cash generated from operating activities was RMB34.1 billion, representing cash generated from operations of RMB38.8 billion minus income tax paid of RMB4.7 billion. Cash generated from operations was primarily attributed to our profit before income tax of RMB49.6 billion, mainly adjusted by an increase in inventories of RMB26.1 billion, partially offset by an increase in trade payables of RMB11.9 billion.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, our net cash used in investing activities was RMB71.7 billion, which was primarily attributed to the net increase of term bank deposits of RMB47.9 billion, the purchase of property, plant and equipment, land use rights and intangible assets of RMB12.8 billion and the purchase of long-term investments measured at amortized cost of RMB10.2 billion.

Net Cash Generated from Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB30.8 billion, which was primarily attributed to the issuance of shares upon placement of RMB39.2 billion, partially offset by the payments for shares repurchase of RMB6.2 billion and distribution to fund investors of RMB3.8 billion.

Capital Expenditures

	Year ended December 31,	
	2025	2024
	(RMB in millions)	
Capital expenditures		
Smartphone × AIoT	6,133.2	6,418.9
Smart EV, AI and other new initiatives	12,023.8	4,061.3
Total	18,157.0	10,480.2

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated results which are prepared and presented in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“IFRS Accounting Standards”), we utilize non-IFRS adjusted net profit (“Adjusted Net Profit”) as an additional financial measure. We define Adjusted Net Profit as profit for the year, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to investors, and (v) income tax effects of non-IFRS adjustments.

Adjusted Net Profit is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS Accounting Standards measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and the impact of certain investment transactions. We also believe that the non-IFRS measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group's Non-IFRS measures for the years ended December 31, 2025 and 2024 to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Year Ended December 31, 2025							Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to investors ⁽⁴⁾	Income tax effects ⁽⁵⁾		
Profit for the year	41,566,439	5,365,075	(11,820,150)	144,008	2,903,670	1,007,261	39,166,303	
Net margin	9.1%						8.6%	

	Year Ended December 31, 2024							Non-IFRS
	As reported	Share-based compensation ⁽¹⁾	Net fair value changes on investments ⁽²⁾	Amortization of intangible assets resulting from acquisitions ⁽³⁾	Changes of value of financial liabilities to investors ⁽⁴⁾	Income tax effects ⁽⁵⁾		
Profit for the year	23,578,449	3,719,482	1,184,519	144,008	(1,243,607)	(148,320)	27,234,531	
Net margin	6.4%						7.4%	

Notes:

- (1) Represents the expenses related to share-based payments.
- (2) Primarily includes fair value changes on equity investments and preferred shares investments deducting the accumulative fair value changes for investments (including the financial assets measured at fair value through profit or loss (“FAFVPL”) and the investments using the equity method transferred from FAFVPL) disposed in the current period, net gains/(losses) on deemed disposals of subsidiaries and investee companies, the impairment provision for investments, re-measurement impact on loss of significant influence in associates, and re-measurement impact on investments transferring from FAFVPL to investments using the equity method.
- (3) Represents amortization of intangible assets resulting from acquisitions.
- (4) Represent the change of value of the financial liabilities payable to the investors.
- (5) Income tax effects of non-IFRS adjustments.

Hardware Business Net Margin

HB overall net profit margin rate⁽¹⁾ = HB overall net profit/Revenue from HB

HB overall profit before tax = Revenue from HB — Cost of sales of HB — Research and development expenses of HB — Selling and marketing expenses of HB — Administrative expenses of HB

HB overall net profit = HB overall profit before tax — Income tax expenses of HB

Share-based compensation expenses are excluded from research and development expenses of HB, selling and marketing expenses of HB and administrative expenses of HB. Income tax expenses of HB equals to the HB overall profit before tax multiplied by the effective tax rate of the Group.

Note:

- (1) The source data and calculation formulae of HB overall net profit margin rate are provided by the Group. PricewaterhouseCoopers Zhong Tian LLP was engaged by the Group to conduct certain procedures, as mutually agreed by both parties, including agreeing the source data used to the books and records and recalculating the HB overall net profit margin rate based on the formulae provided by the Group.

Liquidity and Financial Resources and Gearing

On December 4, 2020, the Company completed a placing of a total of 1,000,000,000 placing shares at HK\$23.70 for each placing share owned by Smart Mobile Holdings Limited to not less than six independent placees and, on December 9, 2020, the Company allotted and issued 1,000,000,000 subscription shares at HK\$23.70 per subscription share under the general mandate to Smart Mobile Holdings Limited (the “**2020 Placing and Subscription**”). For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020 and December 9, 2020.

On March 27, 2025, the Company completed a placing of a total of 800,000,000 placing shares at HK\$53.25 for each placing share owned by Smart Mobile Holdings Limited to not less than six independent placees and, on March 31, 2025, the Company allotted and issued 800,000,000 subscription shares at HK\$53.25 per subscription share under the general mandate to Smart Mobile Holdings Limited (the “**2025 Placing and Subscription**”). For further details, please refer to the announcements of the Company dated March 25, 2025 and March 31, 2025.

Other than the funds raised through our Global Offering in July 2018, the 2020 Placing and Subscription, the 2025 Placing and Subscription and the issuance of debt securities as described in “Issuance of Debt Securities” below, we have historically funded our cash requirements principally from cash generated from our operations and bank borrowings. We had cash and cash equivalents of RMB26.9 billion and cash resources¹⁴ of RMB232.6 billion as of December 31, 2025.

Our gearing ratio was -21.3%, which represented a net cash position, as of December 31, 2025. Our gearing ratio is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings less our cash and cash equivalents, restricted cash and short-term bank deposits. Total capital is calculated as total equity plus net debt.

Issuance of Debt Securities

On April 29, 2020, Xiaomi Best Time International Limited, a wholly-owned subsidiary of the Company, issued US\$600 million 3.375% senior notes due 2030 unconditionally and irrevocably guaranteed by the Company (the “**2030 Notes**”). For further details, please refer to the announcements of the Company dated April 20, 2020, April 23, 2020 and May 3, 2020.

14 Including (i) cash and cash equivalents, (ii) restricted cash, (iii) term bank deposits, (iv) short-term investments measured at fair value through profit or loss, (v) short-term investments measured at amortized cost, (vi) long-term investments measured at amortized cost, and (vii) treasury investments included in long-term investments measured at fair value through profit or loss.

On December 17, 2020, Xiaomi Best Time International Limited issued zero coupon guaranteed convertible bonds due 2027 guaranteed by the Company in the aggregate principal amount of US\$855 million at an initial conversion price of HK\$36.74 per conversion share (subject to adjustments) (the “**2027 Bonds**”). The 2027 Bonds are listed on the Stock Exchange. For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020, December 17, 2020 and December 18, 2020.

As of December 31, 2025, 12,112,587 Class B Shares were issued pursuant to conversion of the 2027 Bonds.

On July 14, 2021, Xiaomi Best Time International Limited issued US\$800 million 2.875% senior bonds due 2031 (the “**2031 Bonds**”) and US\$400 million 4.100% senior green bonds due 2051 (the “**Green Bonds**”), both of which were unconditionally and irrevocably guaranteed by the Company. For further details of the 2031 Bonds and Green Bonds, please refer to the announcements of the Company dated July 6, 2021, July 8, 2021, July 14, 2021 and July 15, 2021.

Borrowings

As of December 31, 2025, we had total borrowings of RMB36.1 billion.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2025, we had not entered into any significant off-balance sheet commitments or arrangements.

Future Plans for Material Investments and Capital Assets

As of December 31, 2025, we did not have plans for material investments and capital assets.

Investments Held

As of December 31, 2025, we had invested in about 410 companies with an aggregate book value of RMB87.1 billion. In 2025, we recorded a net gain on disposal of investments (after tax) of RMB3.1 billion. The total amount of our investments (including (i) fair value of our stakes in listed investee companies accounted for using the equity method based on the stock price on December 31, 2025 (ii) book value of our stakes in unlisted investee companies accounted for using the equity method and (iii) book value of long-term investments measured at fair value through profit or loss) reached RMB89.0 billion as of December 31, 2025.

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group’s total assets as of December 31, 2025) during the year ended December 31, 2025.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended December 31, 2025, we did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employee and Remuneration Policy

As of December 31, 2025, we had 56,531 full-time employees, 53,901 of whom were based in the Chinese Mainland, primarily at our headquarters in Beijing. As of December 31, 2025, our research and development personnel, totaling 25,457 employees, were staffed across our various departments.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages. As of December 31, 2025, 16,572 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, for the year ended December 31, 2025 were RMB30.5 billion.

Foreign Exchange Risk

The transactions of our Company are denominated and settled in our functional currency, the United States Dollar. Our Group's subsidiaries primarily operate in the PRC and other regions such as India, and are exposed to foreign exchange risk arising from the exposure to various currencies, primarily with respect to the United States Dollar. Therefore, foreign exchange risk primarily arises from the recognized assets and liabilities in our subsidiaries when receiving or expecting to receive foreign currencies from, or paying or expecting to pay foreign currencies to overseas business partners.

We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate any impacts caused by exchange rate fluctuations.

Pledge of Assets

As of December 31, 2025, our total restricted bank deposits amounted to RMB4.6 billion. We also had pledged certain buildings and land use right for borrowings.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2025. Further details of the contingencies are set out in Note 36 to the consolidated financial statements.

DIRECTOR'S REPORT

The Board of the Company is pleased to present this Director's report together with the consolidated financial statements of the Group for the Reporting Period.

Principal Activities

The Company is an investment holding company. During the Reporting Period, the Group was principally engaged in development and sales of smartphones, IoT and lifestyle products, provision of internet services, development, manufacture and sales of smart EV, research and development of AI and other new initiatives and investments holding in the PRC and other countries or regions.

Business Review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business, a description of the principal risks and uncertainties facing the Group and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Events after the Reporting Period" in this annual report.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 11 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

Bank Loans and Borrowings

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 33 to the consolidated financial statements.

Donation

During the Reporting Period, the Group made charitable donations of approximately RMB15.1 million.

Issuance of Debt Securities

On April 29, 2020, Xiaomi Best Time International Limited, a wholly-owned subsidiary of the Company, issued the 2030 Notes. The 2030 Notes are listed on the Stock Exchange. For further details, please refer to the announcements of the Company dated April 20, 2020, April 23, 2020 and May 3, 2020.

On December 17, 2020, Xiaomi Best Time International Limited issued the 2027 Bonds. The 2027 Bonds are listed on the Stock Exchange. For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020, December 17, 2020 and December 18, 2020.

As of December 31, 2025, 12,112,587 Class B Shares were issued pursuant to conversion of the 2027 Bonds.

On July 14, 2021, Xiaomi Best Time International Limited issued the 2031 Bonds and the Green Bonds, both of which were unconditionally and irrevocably guaranteed by the Company. For further details of the 2031 Bonds and Green Bonds, please refer to the announcements of the Company dated July 6, 2021, July 8, 2021, July 14, 2021 and July 15, 2021.

Five-Year Financial Summary

A summary of the condensed consolidated results and financial positions of the Group is set out on page 6 of this annual report.

Reserves

As of December 31, 2025, the Company had distributable reserves amounting to RMB100,744.8 million. Details of the movements in the reserves of the Company during the Reporting Period are set out in Note 40 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2025 and up to the Latest Practicable Date, the Company repurchased a total of 338,789,000 Class B Shares on the Stock Exchange at an aggregate consideration of approximately HK\$12,706,369,977 (the "Shares Repurchased") to enhance the shareholder value in the long run. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate
		Highest (HK\$)	Lowest (HK\$)	Consideration (approximately) (HK\$)
2025				
January	6,829,800	33.65	32.60	224,943,300
September	525,400	53.25	53.15	27,954,680
October	26,770,000	53.25	45.90	1,284,384,512
November	38,500,000	41.18	37.38	1,500,693,368
December	80,000,000	42.72	38.56	3,247,134,996
2026				
January	68,751,000	39.32	34.92	2,540,279,326
February	39,376,400	36.78	33.94	1,392,181,061
March	40,503,800	35.18	31.54	1,326,056,687
April (up to the Latest Practicable Date)	37,532,600	32.00	30.54	1,162,742,047
Total	338,789,000			12,706,369,977

In respect of the Shares Repurchased, the WVR beneficiaries of the Company simultaneously reduced their WVR in the Company proportionately by way of converting their Class A Shares into Class B Shares on a one-to-one ratio pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules.

During the year ended December 31, 2025 and up to the Latest Practicable Date, the number of Class B Shares in issue (excluding treasury Shares) was reduced by 286,206,400 shares as a result of (i) the repurchase of 6,829,800 Class B Shares in January 2025, which were subsequently cancelled on March 6, 2025; (ii) the repurchase of 27,295,400 Class B Shares from September 29, 2025 to October 17, 2025, which were subsequently cancelled on November 12, 2025; (iii) the repurchase of 215,333,400 Class B Shares from November 20, 2025 to February 20, 2026,

which were subsequently cancelled on March 19, 2026; and (iv) the repurchase of 36,747,800 Class B Shares from February 24, 2026 to March 23, 2026 which were subsequently cancelled on April 14, 2026. As of December 31, 2025 and as at the Latest Practicable Date, there were no treasury Shares held by the Company.

A total of 1,228,325 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 6, 2025, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 1,106,241 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 122,084 Class A Shares.

A total of 4,728,665 Class A Shares were converted into Class B Shares on a one-to-one ratio on November 12, 2025, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 4,258,681 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 469,984 Class A Shares.

A total of 37,155,542 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 19, 2026, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 33,462,639 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 3,692,903 Class A Shares.

A total of 6,339,850 Class A Shares were converted into Class B Shares on a one-to-one ratio on April 14, 2026, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 5,709,730 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 630,120 Class A Shares.

In March 2025, the Company conducted the 2025 Placing and Subscription. For further details, please refer to the section headed "Liquidity and Financial Resources and Gearing" above and the announcements of the Company dated March 25, 2025 and March 31, 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury Shares) during the Reporting Period and up to the Latest Practicable Date.

Share Schemes

The Company has four existing share schemes, namely the Pre-IPO ESOP, the 2018 Share Option Scheme, the 2018 Share Award Scheme and the 2023 Share Scheme.

A total of 187,873,763 new Shares, representing approximately 0.9% of the weighted average number of the Class B Shares in issue of the Company (excluding any treasury Shares), may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Pre-IPO ESOP, the 2018 Share Option Scheme, the 2018 Share Award Scheme and the 2023 Share Scheme.

Xiaomi HK, a principal subsidiary of the Company as defined in Rule 17.14 of the Listing Rules, has adopted 2024 Xiaomi HK Share Scheme.

A total of 12,412,684 new Xiaomi HK Shares, representing approximately 0.1% of the weighted average number of Xiaomi HK Shares in issue may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2024 Xiaomi HK Share Scheme.

1. Pre-IPO ESOP

The following is a summary of principal terms of the Pre-IPO ESOP adopted by the Company on May 5, 2011, superseded on August 24, 2012.

(a) Purpose

The purpose of the Pre-IPO ESOP is to promote the success and enhance the value of the Company, by linking the personal interests of the members of the Board, employees, consultants and other individuals to those of the Shareholders and, by providing such individuals with an incentive for outstanding performance, to generate superior returns to the Shareholders. The Pre-IPO ESOP is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of recipients upon whose judgment, interest and special effort the successful conduct of the Company's operation is largely dependent.

(b) Eligible participants

The eligible participants include employees, consultants, all members of the Board, and other individuals, as determined, authorized and approved by the Board or a committee authorized by the Board. Awards in the form of share options, restricted share awards and restricted stock units ("RSU") may be granted to selected participants.

(c) Maximum number of shares available for issue

The overall limit on the number of Shares which may be issued pursuant to the Pre-IPO ESOP is 251,307,455 Class B Shares, which was subsequently adjusted by the Board to 2,512,694,900 Class B Shares (adjusted after taking into account the share subdivision which took place on June 17, 2018). No further Pre-IPO awards would be granted under the Pre-IPO ESOP after listing.

(d) Maximum entitlement of each participant

There is no maximum entitlement of each participant.

(e) Vesting period and exercise period

The share options may not be exercised until vested. The Board shall determine the time or times at which an option may be exercised, provided that the term of any option granted under the Pre-IPO ESOP shall not exceed ten years. Once vested, the vested portion of the option may be exercised in whole or in any part, at any time.

As for the RSUs, at the time of grant, the Board shall specify the date or dates on which the RSUs shall become fully vested and non-forfeitable.

(f) Consideration and purchase price

Pursuant to the Pre-IPO ESOP, there is no amount payable on application or acceptance of the award and no purchase price of Shares awarded.

(g) Exercise price and payment

The exercise price per share subject to a share option under the Pre-IPO ESOP shall be determined by the Board and set out in the award agreement and may be a fixed or variable price related to the fair market value of the Class B Shares.

The Board may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of RSUs that will be paid out to the selected participants.

(h) Remaining life of the scheme

The term of the Pre-IPO ESOP commenced on August 24, 2012 and has expired on the tenth anniversary of the above starting date. Upon expiry of the Pre-IPO ESOP, any Pre-IPO awards that are outstanding shall remain in force according to the terms of the Pre-IPO ESOP and the applicable award agreement.

Given that no further Pre-IPO awards would be granted under the Pre-IPO ESOP, the outstanding number of options would be equivalent to the maximum number of new Shares available for issue under the Pre-IPO ESOP. As of the Latest Practicable Date, outstanding options representing 141,729,027 underlying Shares, being approximately 0.5% of the issued share capital of the Company, were granted to eligible participants pursuant to the Pre-IPO ESOP.

Details of movements of share options granted under the Pre-IPO ESOP during the Reporting Period are as follows:

Grantees by category	Date of grant	Vesting Period ⁽¹⁾	Exercise price (US\$)	Number of share options					Weighted average closing price of the Shares immediately before the date of exercise during the year (HK\$)
				Outstanding as at January 1, 2025	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at December 31, 2025	
Employee Participants	4/1/2010 to 6/14/2018	1-10 years	0-0.344	193,243,844	(41,260,466)	—	(2,864,521)	149,118,857	46.11
Service Providers	1/1/2012 to 4/1/2018	4-5 years	0-0.344	1,120,070	—	—	—	1,120,070	N/A
Total:				194,363,914	(41,260,466)	—	(2,864,521)	150,238,927	

(1) The exercise period of the options granted under the Pre-IPO ESOP shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP and the share option award agreement signed by the grantee.

Further details of the Pre-IPO ESOP are set out in Note 28 to the consolidated financial statements.

2. 2018 Share Option Scheme

The following is a summary of the principal terms of the 2018 Share Option Scheme adopted by the Company on June 17, 2018. Immediately upon the 2023 Share Scheme taking effect on June 8, 2023, no further share options shall be granted under the 2018 Share Option Scheme.

(a) Purpose

The purpose of the 2018 Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and the Shareholders as a whole. The 2018 Share Option Scheme will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Eligible participants

Eligible participants under the 2018 Share Option Scheme include any employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate as the Board determines.

(c) Maximum number of shares available for issue

The total number of Class B Shares which may be issued upon exercise of all share options granted under the 2018 Share Option Scheme is 115,700,000 Class B Shares, representing approximately 0.4% of the issued share capital of the Company as at the Latest Practicable Date.

Since the 2023 Share Scheme took effect on June 8, 2023, there were no further share options available for grant under the 2018 Share Option Scheme.

(d) Maximum entitlement of each participant

Unless approved by shareholders of the Company, the total number of Class B Shares issued and to be issued upon exercise of the options granted and to be granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Class B Shares in issue. Any further grant of options to a selected participant which would result in the aggregate number of Class B Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date if such further grant exceeding the individual limit shall be subject to separate approval of shareholders of the Company (with such selected participant and his associates abstaining from voting).

(e) Grant of option and option period

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Class B Shares in respect of which the offer is

accepted clearly stated therein, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, which must be received by the Company within 20 business days from the date on which the offer letter is delivered to the grantee. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrecoverably declined.

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Class B Shares in respect of which it is exercised.

The 2018 Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) Exercise price

The exercise price under an option shall be determined by the Board but shall be not less than the greater of:

- (i) the closing price of a Class B Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Class B Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Class B Share on the date of grant.

(g) Remaining life of the scheme

The 2018 Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date. The remaining life of the 2018 Share Option Scheme is approximately over 2 years.

As of December 31, 2025, a total of 233,500,000 options had been granted pursuant to the 2018 Share Option Scheme since its adoption. As at the Latest Practicable Date, there are no further share options available for grant under the 2018 Share Option Scheme.

Details of movements of share options granted under the 2018 Share Option Scheme during the Reporting Period are as follows:

Grantees by category	Date of grant	Vesting period	Exercise period	Number of share options				Outstanding as at December 31, 2025	Exercise price (HK\$)	Fair value of options at the date of grant during the year and the accounting standard and policy adopted	Weighted average closing price of the Shares immediately before the date of exercise during the year (HK\$)
				Outstanding as at January 1, 2025	Cancelled during the year	Lapsed during the year	Exercised during the year				
Employee Participants	9/4/2020	4-10 years	9/4/2021 to 9/3/2030	105,200,000	–	–	(2,000,000)	103,200,000	24.50	N/A	51.65
	10/9/2020	4 years	10/9/2021 to 10/8/2030	6,250,000	–	–	–	6,250,000	21.04	N/A	N/A
	1/6/2021	4 years	1/6/2022 to 1/5/2031	6,250,000	–	–	–	6,250,000	33.90	N/A	N/A
Total:				117,700,000	–	–	(2,000,000)	115,700,000			

Further details of the 2018 Share Option Scheme are set out in Note 28 to the consolidated financial statements.

3. 2018 Share Award Scheme

The following is summary of the principal terms of the 2018 Share Award Scheme adopted by the Company on June 17, 2018. Immediately upon the 2023 Share Scheme taking effect on June 8, 2023, no further awards shall be granted under the 2018 Share Award Scheme.

(a) Purpose

The purpose of the 2018 Share Award Scheme is (1) to align the interests of eligible persons with those of the Group through ownership of Class B Shares, dividends and other distributions paid on Shares and/or the increase in value of the Class B Shares, and (2) to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

(b) Eligible participants

The eligible participants include any individual, being an employee, director (including executive directors, non-executive directors and independent non-executive directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate as the Board determines.

(c) Maximum number of shares available for award

The aggregate number of Class B Shares underlying all grants made pursuant to the 2018 Share Award Scheme will not exceed 1,118,806,541 Shares without Shareholders' approval subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

Since the 2023 Share Scheme took effect on June 8, 2023, there were no further awards available for grant under the 2018 Share Award Scheme.

(d) Maximum number of new Shares available for issue

Under the scheme mandate of the 2018 Share Award Scheme, the total number of new Class B Shares issued and may be issued pursuant to the 2018 Share Award Scheme will not exceed 1,118,806,541 Shares.

The total number of Class B Shares which may be issued under the 2018 Share Award Scheme is 153,450,426 Class B Shares, representing approximately 0.6% of the issued share capital of the Company as at the Latest Practicable Date.

(e) Maximum entitlement of each participant

There is no maximum entitlement of each participant.

(f) Restrictions on grants

The Board and its delegate(s) may not grant any award in the form of Class B Shares pursuant to the 2018 Share Award Scheme to any selected participant in any of the following circumstances:

- (i) where any requisite approval from any applicable regulatory authorities has not been granted;
- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such award or the 2018 Share Award Scheme, unless the Board determines otherwise;
- (iii) where such award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

- (iv) where such grant of award would result in a breach of the 2018 Share Award Scheme limit or would otherwise cause the Company to issue Class B Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (v) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations;
- (vi) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (vii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

(g) Consideration and purchase price

Pursuant to the 2018 Share Award Scheme, there is no amount payable on application or acceptance of the award and no purchase price of Shares awarded.

(h) Vesting and lapse

The Board or its delegate(s) may from time to time while the 2018 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award Shares to be vested/lapsed.

(i) Rights attached to the award Shares

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the award Shares be paid to the selected participants even though the award Shares have not yet vested, the selected participant only has a contingent interest in the award Shares underlying an award unless and until such award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the award Shares vest.

No voting rights may be exercised in respect of any award Shares that have not yet vested.

(j) Duration and Termination

The 2018 Share Award Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested award Shares granted under the 2018 Share Award Scheme prior to the expiration of the 2018 Share Award Scheme, for the purpose of giving effect to the vesting of such award Shares or otherwise as may be required in accordance with the provisions of the 2018 Share Award Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the 2018 Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the award Shares already granted to a selected participant.

(k) Remaining life of the scheme

The remaining life of the 2018 Share Award Scheme is approximately over 2 years.

Details of the award Shares granted under the 2018 Share Award Scheme (to be satisfied by new Shares) and their movements during the Reporting Period are as follows:

Grantees by category	Date of grant	Vesting period	Purchase price	Number of award Shares				Unvested award Shares as at December 31, 2025	Closing price of Shares immediately before the grant during the year	Fair value of award Shares at the date of grant during the year and the accounting standard and policy adopted	Weighted average closing price of the Shares immediately before the date of vesting during the year (HK\$)
				Unvested award Shares as at January 1, 2025	Vested during the year	Cancelled during the year	Lapsed during the year				
Employee Participants											
	4/1/2019	4-10 years	Nil	4,348,104	(869,620) ⁽¹⁾	–	–	3,478,484	N/A	N/A	49.20
	9/4/2020	4-10 years	Nil	6,000,000	(1,000,000) ⁽¹⁾	–	–	5,000,000	N/A	N/A	54.70
	10/10/2020	4-5 years	Nil	6,729	(6,729)	–	–	–	N/A	N/A	49.20
	1/6/2021	4 years	Nil	1,987,842	(1,967,274) ⁽¹⁾	–	(20,568)	–	N/A	N/A	36.25
	7/2/2021	1-4 years	Nil	10,613,332	(10,296,210) ⁽¹⁾	–	(317,122)	–	N/A	N/A	57.88
	7/5/2021	4-10 years	Nil	50,100,000	(9,929,314) ⁽¹⁾	–	(6,570,686)	33,600,000	N/A	N/A	52.08
	11/24/2021	1-10 years	Nil	10,110,828	(7,922,807) ⁽¹⁾	–	(357,914)	1,830,107	N/A	N/A	53.95
	3/23/2022	1-10 years	Nil	78,511,459	(33,341,548) ⁽¹⁾	–	(3,338,655)	41,831,256	N/A	N/A	49.92
	5/20/2022	1-5 years	Nil	18,004,943	(8,727,479) ⁽¹⁾	–	(1,392,056)	7,885,408	N/A	N/A	51.99
	8/21/2022	4 years	Nil	35,014,474	(16,661,612) ⁽¹⁾	–	(2,375,808)	15,977,054	N/A	N/A	52.47
	11/24/2022	4-5 years	Nil	17,035,605	(8,158,566)	–	(948,125)	7,928,914	N/A	N/A	39.92
	3/27/2023	1-10 years	Nil	128,303,491	(35,950,846) ⁽¹⁾	–	(3,891,882)	88,460,763	N/A	N/A	51.15
	5/25/2023	2-4 years	Nil	30,487,163	(9,662,848)	–	(2,888,678)	17,935,637	N/A	N/A	52.97
Category subtotal:				390,523,970	(144,494,853)	–	(22,101,494)	223,927,623			

Grantees by category	Date of grant	Vesting period	Purchase price	Number of award Shares					Unvested award Shares as at December 31, 2025	Closing price of Shares immediately before the grant during the year	Fair value of award Shares at the date of grant during the year and the accounting standard adopted	Weighted average closing price of the Share immediately before the date of vesting during the year (HK\$)
				Unvested award Shares as at January 1, 2025	Vested during the year	Cancelled during the year	Lapsed during the year	Unvested award Shares as at December 31, 2025				
Service Providers:												
	1/6/2021	4 years	Nil	8,754	(8,754)	—	—	—	N/A	N/A	36.25	
	7/2/2021	4 years	Nil	66,942	(66,103)	—	(839)	—	N/A	N/A	56.14	
	11/24/2021	4 years	Nil	22,876	(20,576)	—	(2,300)	—	N/A	N/A	53.35	
	3/23/2022	4 years	Nil	216,449	(82,760)	—	(64,730)	68,959	N/A	N/A	50.87	
	5/20/2022	4 years	Nil	230,091	(118,382)	—	—	111,709	N/A	N/A	53.62	
	8/21/2022	4 years	Nil	105,353	(49,056)	—	(9,100)	47,197	N/A	N/A	52.52	
	11/24/2022	4 years	Nil	17,879	(8,939)	—	—	8,940	N/A	N/A	38.08	
	3/27/2023	4 years	Nil	418,347	(76,042)	—	(225,577)	116,728	N/A	N/A	46.52	
	5/25/2023	4 years	Nil	167,684	(55,892)	—	—	111,792	N/A	N/A	53.00	
Category subtotal:				1,254,375	(486,504)	—	(302,546)	465,325				
Total:				391,778,345	(144,981,357)	—	(22,404,040)	224,392,948				

- (1) Among the total number of awards Shares vested as stated, 13,331,356 award Shares were issued to employee participants who subsequently become connected persons for the purpose of Listing Rules during the Reporting Period by way of existing shares. At the time of grant, these employee participants were not connected persons.

Details of the award Shares granted under the 2018 Share Award Scheme (to be satisfied by existing Shares) and their movements during the Reporting Period are as follows:

Grantees by category	Date of grant	Vesting period	Purchase price	Number of award Shares				Unvested award Shares as at December 31, 2025	Closing price of Shares immediately before the grant during the year	Fair value of award Shares at the date of grant during the year and the accounting standard adopted	Weighted average closing price of the Shares immediately before the date of vesting during the year (HK\$)
				Shares as of January 1, 2025	Vested during the year	Cancelled during the year	Lapsed during the year				
Grantees in aggregate:											
	1/6/2021	4 years	Nil	4,470	(4,470)	–	–	–	N/A	N/A	36.25
	11/24/2021	4 years	Nil	2,873	–	–	(2,873)	–	N/A	N/A	N/A
	3/23/2022	4–10 years	Nil	1,505,310	(452,654)	–	–	1,052,656	N/A	N/A	49.23
	5/20/2022	3–4 years	Nil	352,931	(352,931)	–	–	–	N/A	N/A	52.39
	8/21/2022	4 years	Nil	55,219	–	–	(55,219)	–	N/A	N/A	N/A
	3/27/2023	4–5 years	Nil	1,248,225	(316,075)	–	(900,000)	32,150	N/A	N/A	40.10
Total:				3,169,028	(1,126,130)	–	(958,092)	1,084,806			

Further details of movements in the 2018 Share Award Scheme are set out in Note 28 to the consolidated financial statements.

4. 2023 Share Scheme

The 2023 Share Scheme was approved at the annual general meeting by the Shareholders on June 8, 2023.

(a) Purpose

The purpose of the 2023 Share Scheme is (1) to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants; (2) to align the interests of eligible participants with those of the Company and Shareholders by providing such eligible participants with the opportunity to acquire proprietary interests in the Company and become Shareholders; and (3) to encourage eligible participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

(b) Eligible participants

Eligible participants are determined by the scheme administrator from time to time to be eligible to participate as grantees under the 2023 Share Scheme, and shall fall under one or more of the below categories:

- (i) **Employee Participant**, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Group on the grant date.
- (ii) **Related Entity Participant**, being an employee (whether full-time or part-time or other employment relationship), director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate company” of the Company (as defined in the Listing Rules).
- (iii) **Service Provider Participant**, being a person who provides services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group.

(c) Award

An award may take the form of a share option or a share award, and which shall be funded by award Shares.

(d) Maximum number of award Shares available for grant

The total number of Class B Shares which may be issued pursuant to all awards to be granted under the 2023 Share Scheme and awards to be granted under any other share schemes of the Company is not more than 2,503,959,565 (the “**2023 Share Scheme Mandate Limit**”). Within the 2023 Share Scheme Mandate Limit, the total number of Shares which may be issued pursuant to awards to be granted to service provider participants under the 2023 Share Scheme is not more than 125,197,978 (the “**2023 Share Scheme Service Provider Sublimit**”).

As at January 1, 2025, 2,102,871,335 Shares were available for grant (including 124,072,129 Shares available for grant to service providers) under the 2023 Share Scheme.

During the Reporting Period, 187,873,763 award Shares were granted to eligible participants (including 636,384 award Shares granted to service providers) pursuant to the 2023 Share Scheme, respectively and 30,235,632 award Shares were lapsed (including 188,640 award Shares lapsed from service providers) pursuant to the 2023 Share Scheme.

It follows that, as of December 31, 2025, 1,945,233,204 Shares and 123,624,385 Shares were available for grant under the 2023 Share Scheme Mandate Limit and the 2023 Share Scheme Service Provider Sublimit, respectively.

(e) Maximum number of award Shares available for issue

As at January 1, 2025, 2,467,437,966 new Shares were available for issue under the 2023 Share Scheme Mandate Limit. During the Reporting Period, 95,194,493 new Shares were issued pursuant to the 2023 Share Scheme. It follows that, as of December 31, 2025 and the Latest Practicable Date, 2,372,243,473 new Shares (representing approximately 9.2% of the issued share capital (excluding any treasury Shares) of the Company as of the Latest Practicable Date) and 2,328,464,968 new Shares (representing approximately 9.0% of the issued share capital (excluding any treasury Shares) of the Company as of the Latest Practicable Date) were available for issue under the 2023 Share Scheme Mandate Limit, respectively.

(f) Issue price and exercise price

The scheme administrator may determine in their absolute discretion the issue price for the exercise of share awards and/or the exercise price for share options for awards in the form of share awards and/or share option (as the case may be) and such prices shall be set out in the award letter. However, the exercise price for share options shall be no less than the higher of: (a) the closing price of the Shares on the grant date; and (b) the average closing price of the Shares for the five business days immediately preceding the grant date.

(g) Maximum entitlement of each eligible participant

There is no specific maximum entitlement for each eligible participant under the 2023 Share Scheme. Grants to individuals that exceed the thresholds set out in the Chapter 17 of the Listing Rules will be subject to additional approval requirements as required under the Chapter 17 of the Listing Rules.

(h) Exercise period

The scheme administrator may determine in its absolute discretion the exercise period for any award of share options and/or share awards and such period shall be set out in the award letter. However, the exercise period for any award of share options shall not be longer than 10 years from the grant date.

(i) Vesting period

The scheme administrator may determine the vesting period and specify such period in the award letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the scheme rules. These circumstances may only apply to employee participants and are consistent with the scenarios contemplated in FAQ13 No. 12 issued by the Stock Exchange, including:

- (i) grants of "make whole" awards to a new employee participant to replace the awards that the employee participant forfeited when leaving their previous employer;
- (ii) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;
- (iii) grants of awards that are subject to the fulfilment of performance targets as determined in the conditions of the grantee's grant;

- (iv) grants of awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the employee participant, in which case the vesting date may be adjusted to take account of the time from which the award would have been granted if not for such administrative or compliance requirements;
- (v) grants of awards with a mixed vesting schedule such that the award vests evenly over a period of 12 months; or
- (vi) grants of awards with a total vesting and holding period of more than 12 months.

(j) Acceptance

The scheme administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the award letter. Unless otherwise specified in the award letter, the grantee shall have 10 business days from the grant date to accept the award, following which, the portion not accepted by the grantee shall automatically lapse.

(k) Termination

The 2023 Share Scheme shall terminate on the earlier of: (a) the 10th anniversary of the adoption date; and (b) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights in respect of the awards already granted to eligible participants.

(l) Remaining Life of the 2023 Share Scheme

The 2023 Share Scheme is valid and effective for a period of 10 years commencing from the date of adoption and up to June 7, 2033. The remaining life of the 2023 Share Scheme is approximately over 7 years.

Details of the award Shares granted under the 2023 Share Scheme (to be satisfied by new Shares) and their movements during the Reporting Period are as follows:

Grantees by category	Date of grant	Vesting period	Purchase price	Number of award Shares						Unvested award Shares as at December 31, 2025	Closing price of Shares immediately before the grant during the year (HK\$)	Fair value of award Shares at the date of grant during the year and the accounting standard adopted (HK\$)	Weighted average closing price of the Share immediately before the date of vesting during the year (HK\$)
				Unvested award Shares as at January 1, 2025	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Unvested award Shares as at December 31, 2025				
Employee Participants													
	8/30/2023	2-10 years	Nil	67,039,711	–	(20,993,608)	–	(3,738,487)	42,307,616	N/A	N/A	52.87	
	11/21/2023	2-10 years	Nil	31,820,139	–	(10,042,068)	–	(3,378,810)	18,399,261	N/A	N/A	39.17	
	3/20/2024	1-10 years	Nil	145,492,490	–	(29,707,352)	–	(6,808,358)	108,976,780	N/A	N/A	55.28	
	5/24/2024	4-10 years	Nil	31,740,074	–	(6,822,783)	–	(2,622,376)	22,294,915	N/A	N/A	52.83	
	8/22/2024	4 years	Nil	38,325,102	–	(9,168,919)	–	(2,818,329)	26,337,854	N/A	N/A	51.49	
	11/20/2024	1-5 years	Nil	49,103,660	–	(16,383,955)	–	(2,721,956)	29,997,749	N/A	N/A	43.59	
	3/19/2025	3-10 years	Nil	–	83,272,485 ⁽¹⁾	(198,835)	–	(3,561,404)	79,512,246	57.65	58.20 ⁽¹⁾	47.15	
	5/28/2025	1-4 years	Nil	–	30,709,275 ⁽¹⁾	(223,882)	–	(2,563,908)	27,921,485	51.55	51.75 ⁽¹⁾	44.12	
	8/20/2025	1-4 years	Nil	–	44,152,753 ⁽¹⁾	(599,575)	–	(1,620,384)	41,932,794	52.40	52.55 ⁽¹⁾	38.58	
	19/11/2025	1-10 years	Nil	–	29,102,866 ⁽¹⁾	(643,250)	–	(212,980)	28,246,636	40.78	38.82 ⁽¹⁾	38.82	
Category subtotal:				363,521,176	187,237,379	(94,784,227)	–	(30,046,992)	425,927,336				
Service Providers													
	8/30/2023	4 years	Nil	234,716	–	(74,157)	–	(11,751)	148,808	N/A	N/A	52.85	
	11/21/2023	4 years	Nil	10,800	–	(3,600)	–	–	7,200	N/A	N/A	37.70	
	3/20/2024	4 years	Nil	336,899	–	(47,353)	–	(161,796)	127,750	N/A	N/A	46.38	
	5/24/2024	1-4 years	Nil	189,141	–	(105,400)	–	–	83,741	N/A	N/A	53.00	
	8/22/2024	1-4 years	Nil	154,913	–	(60,770)	–	(10,385)	83,758	N/A	N/A	51.35	
	11/20/2024	1 year	Nil	118,986	–	(118,986)	–	–	–	N/A	N/A	38.82	
	3/19/2025	4 years	Nil	–	171,171 ⁽¹⁾	–	–	(4,708)	166,463	57.65	58.20 ⁽¹⁾	N/A	
	5/28/2025	4 years	Nil	–	117,803 ⁽¹⁾	–	–	–	117,803	51.55	51.75 ⁽¹⁾	N/A	
	8/20/2025	4 years	Nil	–	83,542 ⁽¹⁾	–	–	–	83,542	52.40	52.55 ⁽¹⁾	N/A	
	19/11/2025	1-4 years	Nil	–	263,868 ⁽¹⁾	–	–	–	263,868	40.78	38.82 ⁽¹⁾	N/A	
Category subtotal:				1,045,455	636,384	(410,266)	–	(188,640)	1,082,933				
Total:				364,566,631	187,873,763	(95,194,493)	–	(30,235,632)	427,010,269				

(1): The fair value of the award Shares granted during the Reporting Period were determined based on the market value of the Shares at the respective grant dates.

(2): A time-based vesting schedule is applicable to the award Shares. The number of award Shares to be vested at every anniversary year shall be based on the selected participant's performance rank in the said anniversary year. The performance rank is linked to the performance of the selected participant (and in some cases of the selected participant's department) in the anniversary year as assessed by the Group.

Further details of the 2023 Share Scheme are set out in Note 28 to the consolidated financial statements.

5. 2024 Xiaomi HK Share Scheme

The 2024 Xiaomi HK Share Scheme was approved at the annual general meeting by the Shareholders on June 6, 2024.

(a) Purpose

The purpose of the 2024 Xiaomi HK Share Scheme is (1) to provide Xiaomi HK with a flexible means of retaining, incentivising and rewarding eligible participants by compensating and/or providing benefits to them; (2) to align the interests of eligible participants with those of Xiaomi HK and its shareholders by providing them with the opportunity to acquire interests in Xiaomi HK and become its shareholders, and thereby; (3) to encourage eligible participants to contribute to the business development, long-term growth, performance and profits of Xiaomi HK and to enhance the value of Xiaomi HK and the Company for the benefit of the Company, Xiaomi HK and the Shareholders as a whole.

(b) Eligible participants

Eligible participants are determined by the scheme administrator from time to time to be eligible to participate as grantees under the 2024 Xiaomi HK Share Scheme, and shall fall under one or more of the below categories:

- (i) **Employee Participant**, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Xiaomi HK Group on the grant date.
- (ii) **Related Entity Participant**, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of the following: a "holding company" of Xiaomi HK (as defined in the SFO); a "subsidiary" of a holding company of Xiaomi HK (as defined in the SFO) other than the Xiaomi HK Group; or an "associate company" of Xiaomi HK (as defined in the Listing Rules).
- (iii) **Service Provider Participant**, being a person who provides services to the Xiaomi HK Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Xiaomi HK Group.

(c) Award

An award may take the form of a share option or a share award, and which shall be funded by award Xiaomi HK Shares.

(d) Maximum number of award Xiaomi HK Shares available for grant

The total number of Xiaomi HK Shares which may be issued pursuant to all awards to be granted under the 2024 Xiaomi HK Share Scheme and awards to be granted under any other share schemes of Xiaomi HK is not more than 1,000,000,000 (the “**XMHK Scheme Mandate Limit**”). Within the XMHK Scheme Mandate Limit, the total number of Xiaomi HK Shares which may be issued pursuant to awards to be granted to service provider participants under the 2024 Xiaomi HK Share Scheme is not more than 50,000,000 (the “**XMHK Service Provider Sublimit**”).

During the Reporting Period, 12,412,684 award Xiaomi HK Shares were granted to eligible participants (no award Xiaomi HK Shares granted to service providers) pursuant to the 2024 Xiaomi HK Share Scheme, respectively and 24,415,575 award Xiaomi HK Shares were lapsed (no award Xiaomi HK Shares lapsed from service providers) pursuant to the 2024 Xiaomi HK Share Scheme.

It follows that, as of December 31, 2025, 528,967,597 Xiaomi HK Shares and 50,000,000 Xiaomi HK Shares were available for grant under the XMHK Scheme Mandate Limit and the XMHK Service Provider Sublimit, respectively.

(e) Maximum number of award Xiaomi HK Shares available for issue

As at January 1, 2025, 1,000,000,000 Shares were available for issue under the XMHK Scheme Mandate Limit. During the Reporting Period, no new Shares were issued pursuant to the 2024 Xiaomi HK Share Scheme. It follows that, as of December 31, 2025 and the Latest Practicable Date, 1,000,000,000 new Xiaomi HK Shares (representing 10.0% of the issued share capital of Xiaomi HK as of the Latest Practicable Date) and 1,000,000,000 new Xiaomi HK Shares (representing approximately 10.0% of the issued share capital of Xiaomi HK as of the Latest Practicable Date) were available for issue under the XMHK Scheme Mandate Limit, respectively.

(f) Issue price and exercise price

The scheme administrator may determine in their absolute discretion the issue price for the exercise of share awards and/or the exercise price for share options for awards in the form of share awards and/or share option (as the case may be) and such prices shall be set out in the award letter.

(g) Maximum entitlement of each eligible participant

There is no specific maximum entitlement for each eligible participant under the 2024 Xiaomi HK Share Scheme. Grants to individuals that exceed the thresholds set out in the Chapter 17 of the Listing Rules will be subject to additional approval requirements as required under the Chapter 17 of the Listing Rules.

(h) Exercise period

The scheme administrator may determine in its absolute discretion the exercise period for any award of share options and/or share awards and such period shall be set out in the award letter. However, the exercise period for any award of share options shall not be longer than 10 years from the grant date.

(i) Vesting period

The scheme administrator may determine the vesting period and specify such period in the award letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the scheme rules. These circumstances may only apply to employee participants and are consistent with the scenarios contemplated in FAQ13 No. 12 issued by the Stock Exchange, including:

- (i) grants of “make whole” awards to a new employee participant to replace the awards that the employee participant forfeited when leaving their previous employer;
- (ii) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;
- (iii) grants of awards that are subject to the fulfilment of performance targets as determined in the conditions of the grantee’s grant;
- (iv) grants of awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the employee participant, in which case the vesting date may be adjusted to take account of the time from which the award would have been granted if not for such administrative or compliance requirements;
- (v) grants of awards with a mixed vesting schedule such that the award vests evenly over a period of 12 months; or
- (vi) grants of awards with a total vesting and holding period of more than 12 months.

(j) Acceptance

The scheme administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the award letter. Unless otherwise specified in the award letter, the grantee shall have until the first vesting date to accept the award, following which, the portion not accepted by the grantee shall automatically lapse.

(k) Termination

The 2024 Xiaomi HK Share Scheme shall terminate on the earlier of: (a) the 10th anniversary of its adoption date; and (b) such date of early termination as determined by the board of Xiaomi HK, provided that such termination shall not affect any subsisting rights in respect of the awards already granted to eligible participants.

(I) Remaining Life of the 2024 Xiaomi HK Share Scheme

The 2024 Xiaomi HK Share Scheme is valid and effective for a period of 10 years commencing from the date of adoption and up to June 5, 2034. The remaining life of the 2024 Xiaomi HK Share Scheme is approximately over 8 years.

Grantees by category	Date of grant	Vesting period	Exercise period	Number of share options						Exercise price (US\$)	Fair value of options at the date of grant during the year and the accounting standard and policy adopted (US\$)
				Outstanding as at January 1, 2025	Granted during the year	Cancelled during the year	Lapsed during the year	Exercised during the year	Outstanding as at December 31, 2025		
Employee Participants	11/20/2024	11/21/2024 to 7/2/2032	11/21/2024 to 11/20/2034	483,035,294	–	–	(24,343,575)	–	458,691,719	0.10	N/A
	3/19/2025	3/20/2025 to 3/19/2030	3/20/2025 to 3/19/2035	–	10,244,813 ⁽¹⁾	–	(72,000)	–	10,172,813	0.10	0.74–0.75 ⁽¹⁾
	5/28/2025	11/20/2026 to 5/28/2030	5/29/2025 to 5/28/2035	–	1,423,271 ⁽¹⁾	–	–	–	1,423,271	0.10	0.75 ⁽¹⁾
	8/20/2025	8/22/2026 to 3/19/2030	8/21/2025 to 8/20/2035	–	248,300 ⁽¹⁾	–	–	–	248,300	0.10	0.74–0.75 ⁽¹⁾
	11/19/2025	11/20/2026 to 8/20/2030	11/20/2025 to 11/19/2035	–	496,300 ⁽¹⁾	–	–	–	496,300	0.10	0.75 ⁽¹⁾
Total:				483,035,294	12,412,684	–	(24,415,575)	–	471,032,403		

(1): Details of the valuation of the award Xiaomi HK Shares granted during the Reporting Period, including the accounting standard and policy adopted, are set out in Note 28 to the consolidated financial statements.

(2): A time-based vesting schedule is applicable to the award Xiaomi HK Shares. The number of award Xiaomi HK Shares to be vested at every anniversary year shall be based on the Xiaomi HK selected participant's performance rank in the said anniversary year. The performance rank is linked to the performance of the Xiaomi HK selected participant (and in some cases of the Xiaomi HK selected participant's department) in the anniversary year as assessed by the Group.

Further details of the 2024 Xiaomi HK Share Scheme are set out in Note 28 to the consolidated financial statements.

Equity-Linked Agreements

Save as disclosed in the sections headed “Share Schemes” and “Issuance of Debt Securities”, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

Directors and Senior Management

The Directors of the Company during the Reporting Period and up to the date of the annual report were:

Executive Directors

Lei Jun
Lin Bin
Liu De

Non-Executive Director

Liu Qin

Independent Non-Executive Directors

Chen Dongsheng
Wong Shun Tak
Cai Jinqing

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers them independent.

Biographical Details and Other Information of the Directors

The biographical details of the Directors who held office during the Reporting Period and up to the date of the annual report are as out below:

Lei Jun (雷軍), aged 56, is the Founder, an executive Director, the Chairman, the CEO of the Company, and the CEO of the smart electric vehicle business. He is also a member of the Remuneration Committee. Lei Jun is overall responsible for the Company’s strategy, company culture and key products. He oversees the senior management team. Lei Jun currently holds directorships in various subsidiaries, Consolidated Affiliated Entities and operating entities of the Group.

In 2000, Lei Jun founded joyo.com, an online retailing platform, which was acquired by Amazon in 2004. Meanwhile, as an angel investor, Lei Jun has also invested in various innovative businesses including JOYY Inc. and UCWeb. Lei Jun is also a renowned technology entrepreneur in the Chinese Mainland. Lei Jun joined Kingsoft Corporation Limited (HKEx Stock Code: 3888) in 1992 and has held various senior positions in Kingsoft Corporation Limited, including as the chairman of the board since July 2011, non-executive director since August 2008 and the chief executive officer between 1998 and December 2007. From December 2011, Lei Jun has served as a director of Beijing Kingsoft Office Software, Inc. (Sci-Tech Innovation Board of the Shanghai Stock Exchange ticker: 688111). From January 2012 to March 2026 and from April 2015 to March 2026, Lei Jun has been the non-executive director and the Chairman of Kingsoft Cloud Holdings Limited (HKEx Stock Code: 3896; NASDAQ ticker: KC) respectively.

Lei Jun graduated from Wuhan University (武漢大學) in July 1991 and received a Bachelor of Science in Computer Science.

Lin Bin (林斌), aged 58, is a Co-founder, an executive Director, and the Vice Chairman of the Board. He is also a member of the Nomination Committee. Lin Bin currently holds directorships in various subsidiaries of the Group, as well as chairman of Xiaomi Foundation Limited in Hong Kong.

Lin Bin co-founded Xiaomi with Lei Jun in 2010. He served as President of Xiaomi until 2019 when he took on the role of Vice Chairman. During the early phase of Xiaomi's development, Lin Bin was responsible for HR recruiting, legal and finance operation, strategic partnerships with key suppliers, and overseas market expansion in countries like India, Indonesia etc. As the Company grew, Lin Bin also oversaw the Company's domestic sales and marketing, after-sales services operations, and Xiaomi's smartphone business. Lin Bin is now in charge of geopolitical relationship and oversees technology and investment related compliance for the Company.

Lin Bin had served as an Engineering Director at Google Inc. between 2006 and 2010. Before this, he had worked at Microsoft Corporation from 1995 to 2006 and served various roles such as Software Design Engineer (SDE), SDE Lead, SDE Manager, and Engineering Director. Prior to this, Lin Bin worked as a Network Engineer at ADP Inc. from 1993 to 1995.

Lin Bin has held numerous visiting and adjunct professorships, including visiting professor at Zhejiang University (浙江大學) in 2002, visiting professor at Tongji University (同濟大學) in 2002, adjunct professor at Nankai University (南開大學) from 2002 to 2005 and adjunct professor at Sun Yat-sen University (中山大學) from 2005 to 2008.

Lin Bin received a Bachelor of Science in Radio Electronics from Sun Yat-sen University (中山大學) in July 1990, and a Master of Science from Drexel University in June 1992.

Liu De (劉德), aged 52, is a Co-Founder, an executive Director, Senior Vice President and Minister of the Group Leadership Management Department, is currently responsible for the recruitment, promotion, training and evaluation of the middle and senior management of the Group, as well as the organizational structure design and approval procedures of each department. Mr. Liu is a director of various members of the Group. Mr. Liu has also served as a director of Viomi Technology Co., Ltd. (NASDAQ ticker: VIOT) from June 2018 to February 2026, Ninebot Limited (Shanghai Stock Exchange Stock Code: 689009) from December 2020 to April 2024, Zepp Health Corporation (NYSE ticker: ZEPP) from April 2015 to September 2024 and Shanghai Longcheer Technology Co., Ltd (Shanghai Stock Exchange Stock Code: 603341) from November 2019 to February 2025. In 2003, Liu De co-founded Beijing Xinfengrui Industrial Design Co., Ltd. (北京新鋒銳工業設計公司) and served as its executive director until 2007.

Liu De received a Bachelor's degree in Industrial Design in July 1996 and a Master's degree in Mechanical Design and Theory in March 2001, both from the Beijing Institute of Technology (北京理工大學). Liu De received a Master's degree in Industrial Design from Art Center College of Design, Pasadena, California, US, in April 2010.

Liu Qin (劉芹), former name: Liu Ya (劉雅), aged 53, is a non-executive Director and a member of the Audit Committee. Liu Qin became a Director of the Company in May 2010. Liu Qin co-founded and has served as managing partner of 5Y Capital (formerly known as Morningside Venture Capital Limited) since June 2007. The funds under 5Y Capital's management had been the earliest investors of the Group. Before co-founding 5Y Capital, Liu Qin served various roles

including as a business development director for investment at Morningside IT Management Services (Shanghai) Co. Ltd. (晨興信息科技諮詢(上海)有限公司) from July 2000 to November 2008. Since June 2008, Liu Qin has been a director of JOYY Inc. (NASDAQ ticker: YY). Since December 2014, Liu Qin has been a director of Agora, Inc. (NASDAQ ticker: API). Liu Qin also became a director of Horizon Robotics (SEHK stock code: 9660) in October 2015, and he currently serves as a non-executive director of Horizon Robotics. Liu Qin has also served as a non-executive director of XPeng Inc. (NYSE ticker: XPEV, SEHK stock code: 9868) from September 2019 to June 2023.

Liu Qin received a Bachelor's degree in Industrial Electrical Automation from University of Science and Technology Beijing (北京科技大學) in July 1993, and a Master of Business Administration from China Europe International Business School (中歐國際工商學院) on April 22, 2000.

Chen Dongsheng (陳東升), aged 68, has served as an independent non-executive Director since June 2018. He also currently serves the chairman of both the Remuneration Committee and the Corporate Governance Committee, and a member of the Audit Committee. Chen Dongsheng founded Taikang Insurance Group Inc. (泰康保險集團股份有限公司) (formerly known as Taikang Life Insurance Co., Ltd (泰康人壽保險股份有限公司)) ("Taikang") in 1996. He serves the chairman and CEO of Taikang and holds various directorships within the Taikang group. Prior to this, Chen Dongsheng served as the chairman and the general manager of China Guardian Auctions Co., Ltd (中國嘉德國際拍賣有限公司) from May 1993. Prior to this, Chen Dongsheng worked as the deputy editor of the Management World (monthly), published by the Development Research Center of the State Council of China.

Chen Dongsheng has accumulated extensive corporate governance experience during his leadership in the Taikang group, as he oversaw the reform and optimization of the group's corporate governance structure. Key corporate governance initiatives implemented during Chen Dongsheng's tenure include (i) formalizing the structure, functions and accountability of the corporate governance bodies within the Taikang group, (ii) introducing board strategy, audit, related party transaction, nomination and remuneration committees, the members of which are selected by election, and (iii) appointing independent directors.

Chen Dongsheng received a Bachelor's degree in Political Economics in July 1983, and a PhD in Political Economics in January 1999, both from Wuhan University (武漢大學).

Wong Shun Tak (王舜德), aged 65, has served as an independent non-executive Director since June 2018. He also currently serves the chairman of both the Audit Committee and Nomination Committee, and a member of the Remuneration Committee and Corporate Governance Committee. In 2014, Wong Shun Tak co-founded and had concurrently served as the CFO of Rokid Corporation Ltd. Wong Shun Tak has served as the independent non-executive Director of Kingsoft Corporation Limited (SEHK Stock Code: 3888) from July 2014 to March 2026. Wong Shun Tak served as an executive director and CFO of Kingsoft Corporation Limited (SEHK Stock Code: 3888) from October 2011 to July 2012, and also acted as an independent non-executive director of Kingsoft Corporation Limited (SEHK Stock Code: 3888) from April 2007 to September 2011. Wong Shun Tak became an independent non-executive director and chairman of the audit committee of Goodbaby International Holdings Limited (SEHK Stock Code: 1086) since March 26, 2025. In addition, Wong Shun Tak also became an independent non-executive director of JNBY Design Limited (SEHK Stock Code: 3306) since September 8, 2025.

Wong Shun Tak served as vice president of finance and corporate controller of Alibaba Group Holding Ltd (NYSE ticker: BABA; SEHK Stock Code: 9988) from August 2007 to September 2011. During his service with Alibaba Group, he also acted as the chairman of Group Financial Control Committee of Alibaba Group.

Wong Shun Tak served as the CFO of Goodbaby Children Products Group (“**Goodbaby**”) from August 2003 to August 2007, a leading juvenile product manufacturer in China. Before joining Goodbaby, Wong Shun Tak worked as the vice president of finance in IDT International Limited (SEHK Stock Code: 167) from September 2001 to July 2003.

In the past, Wong Shun Tak held key financial management positions in various multi-nationals companies, including as the financial controller of AMF Bowling, Inc. from November 1996 to March 1998 and International Distillers China Ltd. from December 1993 to October 1996. Wong Shun Tak has extensive experience in financial control, operations, strategic planning and implementation, private fund investments and exit strategies.

Wong Shun Tak received a Master’s degree in Finance from the University of Lancaster in the United Kingdom and a Master’s degree in Accounting from Charles Stuart University in Australia. He is also a fellow CPA member of the Hong Kong Institute of Certified Public Accountants and a fellow CPA member of Australian Society of CPAs.

Cai Jinqing (蔡金青), aged 58, has been appointed as an independent non-executive Director, and a member of the Nomination Committee and the Corporate Governance Committee with effect from January 8, 2024.

Cai Jinqing has served as the president of Kering Greater China since 2018. She is committed to enhancing the reputation of Kering in Greater China, strengthening the relationship between Kering and its partners, propelling the long-term development of Kering in China, and promoting the increasingly significant role of Greater China in the global market.

From 2012 to 2018, she worked for Christie’s, a world-leading art auction house. She was appointed as the first managing director, president and chairwoman of Christie’s China during her tenure at Christie’s. At present, she is a member of Christie’s Asia Advisory Council. Cai Jinqing had also been the founding partner of Brunswick Beijing from 2005 to 2012, a world-renowned public relations consulting firm. Prior to that, she founded New Alliance Consulting International Limited and managed the annual conference of Boao Forum for Asia as an exclusive public relations consultant.

Since December 1, 2021, Cai Jinqing has served on the board of Mandarin Oriental International Limited (which was delisted from the London Stock Exchange (Stock Code: MDO), the Singapore Exchange Limited (Stock Code: M04) and Bermuda Stock Exchange (Stock Code: MOIBD.BH) in January 2026) as a non-executive director. She also serves as the vice chairwoman of the board of Teach for China, a leading non-profit organisation in China focusing on educational inequality issues in China.

Cai Jinqing obtained her Bachelor’s degree from Wellesley College located in Massachusetts and holds a Master’s degree in Public Affairs from Princeton University, School of International and Public Affairs.

Biographical Details of Senior Management

The biographical details of the senior management of the Company who held office as of the date of the annual report are set out below:

Lei Jun (雷軍), aged 56, is the Founder, the CEO of the Company, the Chairman and an executive Director, and the CEO of the smart electric vehicle business. For further details, please see the paragraphs headed “Biographical Details and Other Information of the Directors” in this section.

Lin Bin (林斌), aged 58, is a Co-founder, the Vice Chairman of the Board and an executive Director. For further details, please see the paragraphs headed “Biographical Details and Other Information of the Directors” in this section.

Lu Weibing (盧偉冰), aged 50, is a Partner, President of the Group, and President of the Smartphone Department of the Group.

Lu Weibing joined the Group in 2019 and has since been in charge of China Region Sales and the International Department, as well as branding, product planning, manufacturing, and sales & marketing of Redmi. Relying on years of marketing experience and profound insights, he led the team and formulated the strategic goals and business directions, and achieved very positive outcomes. Prior to this, Mr. Lu had rich working experience in the telecommunication industry. He founded Shenzhen Chenyee Technology Co., Ltd (深圳市誠壹科技有限公司) and served as CEO of the company from 2017 to 2018; He served as the President of Shenzhen Gionee Communication Equipment Co., Ltd. (深圳市金立通信設備有限公司) from 2010 to 2017. He also worked as the General Manager (Overseas Business Department) at Tianyu Communication Equipment Co., Ltd. (北京天宇朗通信設備有限公司) from 2008 to 2010 and General Sales Manager at KONKA Communication Co., Ltd. (康佳通信科技有限公司) from 1998 to 2007.

Lu Weibing received a Bachelor of Science in Chemistry from Tsinghua University (清華大學) in 1998 and an Executive Master of Business Administration from Cheung Kong Graduate School of Business (長江商學院) in 2009.

Liu De (劉德), aged 52, is a Co-Founder, Senior Vice President, Minister of the Group Leadership Management Department and an executive Director. For further details, please see the paragraphs headed “Biographical Details and Other Information of the Directors” in this section.

Zeng Xuezhong (曾學忠), aged 52, is a Senior Vice President and President of International Business Department. He also oversees the Internet Business Department.

He joined the Group in 2020, and was responsible for the R&D and manufacturing of smartphone products. Zeng Xuezhong was served as chairman and general manager of Hatchip Communications (匯芯通信技術有限公司) from 2019 to 2020. He held senior management positions such as global executive vice president of Tsinghua Unigroup (紫光集團有限公司), president of Unisplendour Corporation Limited (紫光股份有限公司), chief executive officer of UNISOC (紫光展銳(上海)科技有限公司) from 2017 to 2019. From 1996 to 2017, he served as senior vice president of ZTE Corporation (中興通訊) (SEHK Stock Code: 763; SZSE Stock Code: 000063) and president of ZTE Corporation China Region, executive vice president of ZTE Corporation and chief executive officer of ZTE Terminal. As an excellent manager and expert in communications industry, he has rich practical experience in corporate strategy, innovation and transformation.

Zeng Xuezhong received a Bachelor's degree in Physics and an Executive Master of Business Administration from Tsinghua University (清華大學).

Wang Xiaoyan (王曉雁), aged 52, is a Senior Vice President and President of the Group's China Region.

Wang Xiaoyan joined the Group in 2019 and has been responsible for the E-Commerce Department, Sales and Operation Department, New Retail Department and Carrier Department of China Region. He has played a decisive role in the stabilization and development of the new retail business of the China Region. Prior to this, he had rich working experience in the telecommunications industry. He participated in the establishment of the mobile phone brand Xiaolajiao (小辣椒) from 2010 to 2019, and worked at Tianyu Communication Equipment Co., Ltd. (北京天宇朗通通信設備有限公司) from 2006 to 2010 and ZTE Corporation (中興通訊股份有限公司) from 1999 to 2005.

Wang Xiaoyan received a bachelor's degree in physics from Beijing Normal University in 1994 and an MBA degree from Renmin University of China (中國人民大學) in 1999.

Lam Sai Wai Alain (林世偉), aged 52, is a Vice President and the CFO of the Group.

He joined the Group in 2020. Prior to joining the Group, he served as a Managing Director and Head of the Asia Technology, Media and Telecom in the Investment Banking and Capital Markets department of Credit Suisse (Hong Kong) between January 2016 and October 2020. Between July 1997 and December 2015, he worked at Morgan Stanley in various locations including London, New York, Menlo Park and Hong Kong. He has served as a director of Zepp Health Corporation (NYSE ticker: ZEPP) since September 2024.

Lam Sai Wai Alain received a Master's degree in Engineering from the University of Oxford.

Zhu Dan (朱丹), aged 48, is a Vice President and Vice President of R&D, Smartphone Department.

Zhu Dan joined the Group in 2010 and has been responsible for the Baseband Department, Product Department, Camera Department, and Display Department, all under the Smartphone Department of the Group. From 2016 to 2018, he was responsible for product planning in the Smartphone Product Department. From 2018 to 2021, he was responsible for R&D management and technical roadmap for the Camera Department and led the Camera Department to receive two DXOMARK first places. Prior to joining the Group, Zhu Dan was the R&D director of baseband department of Firebrand Technology Limited (Firebrand 科技有限公司) from May 2008 to October 2010 and an electronics engineer of Motorola North Asia Center (摩托羅拉北亞中心) from October 2003 to May 2008.

Zhu Dan received a Bachelor's degree and a Master's degree in Automatic Control from Beijing Institute of Technology (北京理工大學) in 2000 and 2003 respectively.

Qu Heng (屈恒), aged 44, is a Vice President, Chairman of the Group Technology Committee, and Chairman of the Group Information Security and Privacy Committee. He is also responsible for the Group Quality Committee and the Group Information Technology Department.

Qu Heng joined the Group in 2010. He is one of the founding team members of the Group and has been in charge of, among others, MIUI, the software development of Mi Talk and router system engineering. Since 2018, he served as the General Manager of the Group's Ecosystem Department. Qu Heng has led the team to work on the smartphone-centred ecosystem layout and the implementation of the Group's "Smartphone × AIoT" strategy. Since 2023, he served as the Chairman of the Group's Technology Committee. Qu Heng took the lead in the development of Xiaomi Corporation's AI strategy, established a specialised large model team, and empowered "Human × Car × Home with AI large model technology to enhance the Group's operational efficiency. Prior to this, Qu Heng had many years of working experience in software development and worked at Beijing Kingsoft Corporation Limited from 2005 to 2010, and took on various roles such as engineer, development manager and project manager. He has served as a non-executive director of Kingsoft Cloud Holdings Limited (HKEx Stock Code: 3896; NASDAQ ticker: KC) since March 2026.

Qu Heng graduated from the department of computer science and engineering of Beihang University (北京航空航天大学) in 2003 and received a master's degree in computer science and engineering from Harbin Institute of Technology (哈爾濱工業大學) in 2013.

Xu Fei (許斐), aged 43, is a Vice President and Chief Marketing Officer (CMO) of the Group, concurrently holding the positions of General Manager of the Group Strategic Marketing Department, overseeing the Group's branding, public relations, and marketing-related initiatives.

Xu Fei joined the Group in 2010 as an early member. She was the product team leader of the MIUI operating system and was deeply involved in the formation of Xiaomi's pioneering "Internet Development Model." In 2021, she served as the Vice President of Xiaomi's China Region and General Manager of the Marketing Department, overseeing the building of Xiaomi's brand, marketing and public relations. Prior to joining the Group, Xu Fei worked as a Product Manager at Google from 2007 to 2010, where she contributed to the launch of several prominent products, including integrated search, Chinese voice search, and mobile maps, laying the foundation for the design paradigms in mobile internet products.

Xu Fei graduated from Tsinghua University with a Bachelor's degree in Automation in 2005 and a Master's degree in Computer Science and Technology in 2007.

Zhang Jianhui (張劍慧), aged 47, is a Vice President and Chairwoman of Group Procurement Committee. She also holds the position of General Manager of the Group Asset and Engineering Management Department, and oversees the Group Administration Department.

Zhang Jianhui joined the Group in 2011 and spearheaded the establishment of after-sales service and New Retail system, garnering numerous industry accolades and laying a solid foundation for the development of the Group's New Retail business. In 2022, she served as the Special Assistant to the Group CEO, overseeing administrative affairs, engineering construction, and asset management within the Group. Prior to joining the Group, Zhang Jianhui worked at Beijing Kingsoft Software from 2002 to 2011, responsible for marketing and channel management, where she accumulated extensive practical experience in marketing and management.

Zhang Jianhui graduated from Henan Agricultural University in 2002 and later received an MBA degree from China Europe International Business School in 2023.

Liu Wei (劉偉), aged 49, is a Vice President and Director of Executive Office of the Group.

Liu Wei joined the Group in 2022. Prior to joining the Group, he worked at Kingsoft Corporation Limited from 2000 to 2022, holding roles including project manager, HR director, vice president of Season Entertainment, and vice president. In 2016, he became the senior vice president of Kingsoft Corporation Limited.

Liu Wei graduated from the School of Economics and Management, China University of Mining and Technology in 1999.

Hu Zhengnan (胡崢楠), aged 51, is a Vice President, and Chief Technology Officer of the Electric Vehicle Department.

Hu Zhengnan joined the Group in 2026. Prior to joining the Group, he served as a venture partner at Shunwei Capital; held positions including senior vice president and dean of the General Research Institute at Geely Auto Group from 2012 to 2021; founded Shanghai Longchuang Automotive Design Co., Ltd. from 2000 to 2011; and worked as an engineer at Shanghai Automotive Industry Technology Centre from 1997 to 2000.

Hu Zhengnan graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) with a bachelor's degree in Aircraft Design and Engineering in July 1997, and later received a PhD. in Mechanical Engineering from Huazhong University of Science and Technology (華中科技大學) in June 2025.

Director's Service Contracts and Appointment Letters

1. Executive Directors

Lei Jun and Lin Bin have each entered into a service contract with our Company on June 19, 2018. Liu De has entered into a service contract with our Company on March 24, 2021. The initial term of their service contracts shall commence from the date of his appointment and continue for a period of three years (subject always to re-election as and when required under the Articles of Association), be automatically renewed for successive periods of three years until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing. No annual director's fees are payable to the executive Directors under the current arrangement.

2. Non-executive Director and independent non-executive Directors

Liu Qin has entered into an appointment letter with our Company on June 10, 2021. The initial term for his appointment letter shall be three years from the date of his appointment and shall be automatically renewed for a successive period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. No annual director's fees are payable to the non-executive Directors under the current arrangement.

Each of Chen Dongsheng and Wong Shun Tak has entered into an appointment letter with our Company on June 10, 2021, and Cai Jinqing has entered into an appointment letter with our Company on January 8, 2024. The initial term for their appointment letters shall be three years from the date of their appointment and shall be automatically renewed for a successive period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing. Under these appointment letters, each of the independent non-executive Directors will receive an annual director's fee of HK\$600,000, which in each case has been recommended by the Remuneration Committee and approved by the Board with reference to the independent non-executive Director's qualifications, experience and responsibilities with the Company.

None of the Directors (including the Directors proposed for re-election at the annual general meeting) have a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations

As of December 31, 2025, the interests and short positions of our Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

1. Interest in Shares

Name of Director or chief executive	Nature of interest ⁽¹⁾	Relevant company	Number and class of securities	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾
Lei Jun ⁽³⁾	Beneficiary, founder and settlor of a trust(L)	ARK Trust (Hong Kong) Limited	4,063,148,182 Class A Shares	90.06%
			1,993,631,456 Class B Shares	9.26%
	Interest in controlled corporations(L)	Smart Mobile Holdings Limited	4,063,148,182 Class A Shares	90.06%
			1,839,564,784 Class B Shares	8.54%
	Interest in controlled corporations(L)	Smart Player Limited	59,221,630 Class B Shares	0.27%
	Interest in controlled corporations(L)	Team Guide Limited	94,845,042 Class B Shares	0.44%

Name of Director or chief executive	Nature of interest ⁽¹⁾	Relevant company	Number and class of securities	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾
Lin Bin ⁽⁴⁾	Beneficial owner(L)		30,347,523 Class B Shares	0.14%
	Trustee of a trust(L)	Apex Star FT LLC	93,438,272 Class B Shares	0.43%
	Interest in controlled corporations(L)	Apex Star LLC	448,404,962 Class A Shares	9.94%
			1,707,042,853 Class B Shares	7.93%
	Interest in controlled corporations(L)	Bin Lin and Daisy Liu Family Foundation	50,686,600 Class B Shares	0.24%
Liu Qin ⁽⁵⁾	Interest in controlled corporations(L)	Morningside China TMT Fund I, L.P.	7 Class B Shares	0.00%
			184,466,366 Class B Shares	0.86%
	Founder of trust(L)			
Liu De ⁽⁶⁾	Beneficial owner (L)		10,000,000 Class B Shares	0.05%
	Founder of a trust(L)	Lofty Power International Limited	135,871,935 Class B Shares	0.63%
Wong Shun Tak ⁽⁷⁾	Interest of spouse(L)		8,000 Class B Shares	0.00%

Notes:

(1) The letter "L" denotes a long position in the shares.

(2) The calculation is based on the total number of relevant class of Shares in issue as at December 31, 2025.

(3) Smart Mobile Holdings Limited and Smart Player Limited are both wholly-owned by Sunrise Vision Holdings Limited which is in turn wholly-owned by Parkway Global Holdings Limited. Team Guide Limited is wholly-owned by Techno Frontier Investments Limited. The entire interests in Parkway Global Holdings Limited and Techno Frontier Investments Limited are held by ARK Trust (Hong Kong) Limited as trustee for the trusts established by Lei Jun (as settlor) for the benefit of Lei Jun and his family. Accordingly, Lei Jun is deemed to be interested in 1) the 4,063,148,182 Class A Shares and the 1,839,564,784 Class B Shares held by Smart Mobile Holdings Limited; 2) the 59,221,630 Class B Shares held by Smart Player Limited and 3) the 94,845,042 Class B Shares held by Team Guide Limited under the SFO.

(4) Lin Bin directly holds 30,347,523 Class B Shares. Apex Star FT LLC is controlled by Bin Lin Family Trust. Accordingly, Lin Bin, as the trustee of Bin Lin Family Trust, is deemed to be interested in 93,438,272 Class B Shares held by Apex Star FT LLC under the SFO. Bin Lin and Daisy Liu Family Foundation is controlled by Lin Bin. Accordingly, Lin Bin is deemed to be interested in 50,686,600 Class B Shares held by Bin Lin and Daisy Liu Family Foundation under the SFO. Apex Star LLC is controlled by Lin Bin. Accordingly, Lin Bin is deemed to be interested in 1,707,042,853 Class B Shares and 448,404,962 Class A Shares held by Apex Star LLC under the SFO.

- (5) Liu Qin is entitled to exercise or control the exercise of one-third of the voting power at general meetings of TMT General Partner Ltd. and is therefore deemed to be interested in 7 Class B Shares in which TMT General Partner Ltd. is interested. TMT General Partner Ltd. controls Morningside China TMT GP, L.P., which controls Morningside China TMT Fund I, L.P. (the "5Y Capital Funds"). Consequently, TMT General Partner Ltd. is deemed to be interested in the Shares in which the 5Y Capital Funds have an interest. Liu Qin is deemed to be interested in 184,466,366 Class B Shares held by an entity controlled by the trustee of a discretionary trust, of which Liu Qin is a founder of the discretionary trust under the SFO.
- (6) Liu De directly holds 10,000,000 Class B Shares. Lofty Power International Limited is controlled by YLL Trust (formerly known as YYL Trust). Accordingly, Liu De is deemed to be interested in 135,871,935 Class B Shares held by Lofty Power International Limited under the SFO.
- (7) Wong Shun Tak is deemed to be interested in 8,000 Class B Shares held by his spouse under the SFO.

2. Interest in associated corporations

Name of Director or chief executive	Nature of interest ⁽⁴⁾	Associated corporations	Approximate percentage of shareholding ⁽¹⁾
Lei Jun	Beneficial owner(L)	Xiaomi Finance ⁽²⁾	42.07%
	Interest in controlled corporations(L)	Parkway Global Holdings Limited ⁽³⁾	100%
	Interest in controlled corporations(L)	Sunrise Vision Holdings Limited ⁽³⁾	100%
	Interest in controlled corporations(L)	Smart Mobile Holdings Limited ⁽³⁾	100%

Notes:

- (1) The calculation is based on the total number of shares of the associated corporations in issue as at December 31, 2025.
- (2) Xiaomi Finance is a subsidiary of the Company and therefore Xiaomi Finance is an associated corporation of the Company. Lei Jun is entitled to receive up to 42,070,000 shares in Xiaomi Finance pursuant to options granted to him under the XMF Share Option Scheme I (subject to the relevant vesting conditions).
- (3) Smart Mobile Holdings Limited, the holding company of the Company, is wholly-owned by Sunrise Vision Holdings Limited which is in turn wholly-owned by Parkway Global Holdings Limited. Lei Jun is the beneficial owner of the entire interest in Smart Mobile Holdings Limited, and is deemed to be interested in the 4,063,148,182 Class A Shares and the 1,839,564,784 Class B Shares held by Smart Mobile Holdings Limited under the SFO. Therefore, Smart Mobile Holdings Limited, Sunrise Vision Holdings Limited and Parkway Global Holdings Limited are associated corporations of the Company.
- (4) The letter "L" denotes a long position in the shares.

Save as disclosed above, as of December 31, 2025, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

Permitted Indemnity Provision

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted.

Such permitted indemnity provision has been in force for the Reporting Period. The Company has taken out liability insurance for our Directors for the Reporting Period.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, neither the Company nor its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right at any time during the Reporting Period.

Directors' Interests in Competing Business

Lei Jun is a founding partner of Shunwei Capital (“**Shunwei**”), which operates investment funds specializing in incubation, start-ups, early to mid-stage and growth capital investments in internet and technology industries. While Shunwei may acquire non-controlling interests in certain business that operate in technology and internet sectors similar to those in which our Group operates, Shunwei is a pure financial investment company, and generally has no management or shareholding control over any of its investee companies. We therefore do not believe that Shunwei competes in any material way with our Group. Our Group is capable of carrying on the business independently, and at arm's length from Shunwei.

Save as disclosed in this annual report and except for the interests of the Controlling Shareholders in the Group, during the Reporting Period, neither the Controlling Shareholders nor any of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of December 31, 2025, so far as the Directors are aware, the following parties (other than our Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest ⁽¹⁾	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾
Class A Shares			
Smart Mobile Holdings Limited ⁽³⁾	Beneficial interest (L)	4,063,148,182	90.06%
Sunrise Vision Holdings Limited ⁽³⁾	Interest in controlled corporations (L)	4,063,148,182	90.06%
Parkway Global Holdings Limited ⁽³⁾	Interest in controlled corporations (L)	4,063,148,182	90.06%
ARK Trust (Hong Kong) Limited ⁽³⁾	Trustee (L)	4,063,148,182	90.06%
Apex Star LLC ⁽⁴⁾	Beneficial interest (L)	448,404,962	9.94%
Class B Shares			
Smart Mobile Holdings Limited ⁽³⁾	Beneficial interest (L)	1,839,564,784	8.54%
Sunrise Vision Holdings Limited ⁽³⁾	Interest in controlled corporations (L)	1,898,786,414	8.82%
Parkway Global Holdings Limited ⁽³⁾	Interest in controlled corporations (L)	1,898,786,414	8.82%
ARK Trust (Hong Kong) Limited ⁽³⁾	Trustee (L)	2,149,883,571	9.98%
Apex Star LLC ⁽⁴⁾	Beneficial interest (L)	1,707,042,853	7.93%
BlackRock, Inc. ⁽⁵⁾	Interest in controlled corporations (L)	1,111,591,304	5.16%
	Interest in controlled corporations (S)	5,996,400	0.03%

Notes:

- (1) The letter "L" denotes a long position in the shares and the letter "S" denotes a short position in the shares.
- (2) The calculation is based on the total number of relevant class of Shares in issue as at December 31, 2025.
- (3) Smart Mobile Holdings Limited and Smart Player Limited are both wholly-owned by Sunrise Vision Holdings Limited which is in turn wholly-owned by Parkway Global Holdings Limited. Team Guide Limited is wholly-owned by Techno Frontier Investments Limited. The entire interests in Parkway Global Holdings Limited and Techno Frontier Investments Limited are held by ARK Trust (Hong Kong) Limited as trustee for the trusts established by Lei Jun (as settlor) for the benefit of Lei Jun and his family. Accordingly, Lei Jun is deemed to be interested in 1) the 4,063,148,182 Class A Shares and the 1,839,564,784 Class B Shares held by Smart Mobile Holdings Limited; 2) the 59,221,630 Class B Shares held by Smart Player Limited and 3) the 94,845,042 Class B Shares held by Team Guide Limited under the SFO. ARK Trust (Hong Kong) Limited is also a trustee for a number of trusts and therefore is deemed to be interested in the 156,252,115 Class B shares held by the trusts.
- (4) Apex Star LLC is controlled by Lin Bin. Accordingly, Lin Bin is deemed to be interested in 1,707,042,853 Class B Shares and 448,404,962 Class A Shares held by Apex Star LLC under the SFO.
- (5) BlackRock, Inc. was interested in an aggregated 1,111,591,304 Class B Shares (long position) and 5,996,400 Class B Shares (short position). According to the disclosure of interest notice filed by BlackRock, Inc. regarding the relevant event dated November 13, 2025, such Class B Shares were held by BlackRock, Inc. indirectly through certain of its subsidiaries. Among them, 7,595,811 Class B Shares (long position) and 5,996,400 Class B Shares (short position) were held through cash settled unlisted derivatives, and 844,082 Class B Shares (long position) were held through convertible instruments listed derivatives.

Save as disclosed above, as of December 31, 2025, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Contracts with Controlling Shareholders

Save as disclosed in this annual report, no contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the Reporting Period.

Management Contracts

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

Connected Transactions

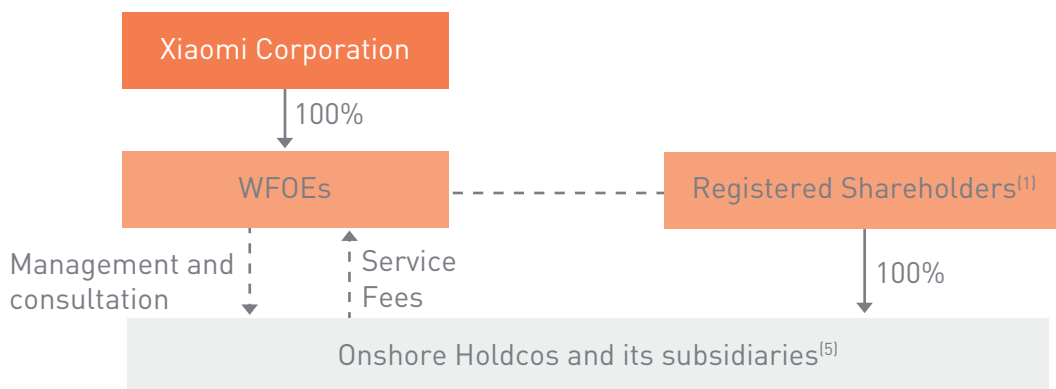
We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for our Group, in compliance with the requirements of Chapter 14A of the Listing Rules.

1. Contractual Arrangements

(1) Contractual Arrangements in Place

The Company has entered into a series of Contractual Arrangements with the Consolidated Affiliated Entities and the Registered Shareholders, pursuant to which our Company obtained effective control over and had the right to receive all economic benefits from the business and operations of the Consolidated Affiliated Entities. In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group’s financial information as if they were our Company’s subsidiaries.

The following simplified diagram illustrates the Contractual Arrangements that were in place as of December 31, 2025:



Notes:

(1) Registered Shareholders refer to the registered shareholders of the Onshore Holdcos, namely (i) Xiaomi Inc.; (ii) Beijing Wali Internet; (iii) Youpin Information Technology; (iv) Beijing Electronic Software; (v) Beijing Duokan; (vi) Rigo Design; and (vii) Beijing Wali Culture.

- (i) Xiaomi Inc. is owned by Lei Jun (雷軍) as to 77.80%, Li Wanqiang (黎萬強) as to 10.12%, Hong Feng (洪鋒) as to 10.07% and Liu De (劉德) as to 2.01%.
 - (ii) Beijing Wali Internet is owned by Lei Jun (雷軍) as to 10%, Liu Yang (劉決) as to 65%, Liang Qiushi (梁秋實) as to 14%, Liu Jingyan (劉景岩) as to 6%, Yuan Bin (袁彬) as to 3%, and Nan Nan (南楠) as to 2%.
 - (iii) Youpin Information Technology is owned by Lei Jun (雷軍) as to 70%, Hong Feng (洪鋒) as to 10%, Liu De (劉德) as to 10% and Li Wanqiang (黎萬強) as to 10%.
 - (iv) Beijing Electronic Software is owned by Lei Jun (雷軍) as to 90% and Hong Feng (洪鋒) as to 10%.
 - (v) Beijing Duokan is owned by Wang Chuan (王川) as to 61.75% and Lei Jun (雷軍) as to 38.25%.
 - (vi) Rigo Design is owned by Zhu Yin (朱印) as to 61% and Li Jiong (李炯) as to 39%.
 - (vii) Beijing Wali Culture is owned by Lei Jun (雷軍) as to 90% and Shang Jin (尚進) as to 10%.
- (2) "→" denotes direct legal and beneficial ownership in the equity interest.
- (3) "----→" denotes contractual relationship.
- (4) "----" denotes the control by WFOEs over the Registered Shareholders and the Onshore Holdcos through (i) powers of attorney to exercise all shareholders' rights in the Onshore Holdcos, (ii) exclusive options to acquire all or part of the equity interests in the Onshore Holdcos and (iii) equity pledges over the equity interests in the Onshore Holdcos.
- (5) These include certain companies which do not currently carry out any business operations but are intended to carry out businesses which are subject to foreign investment restrictions in accordance with the Special Administrative Measures on Access to Foreign Investment (Negative List) (2024 Edition) (外商投資准入特別管理措施 (負面清單) (2024年版)).

A brief description of each of the specific agreements that comprise the Contractual Arrangements entered into by each of the WFOEs and the Onshore Holdcos is set out as follows:

a) Exclusive Business Cooperation Agreements

Under the exclusive business cooperation agreements dated December 1, 2017, April 11, 2018, April 17, 2018 and June 4, 2018, respectively, between the Onshore Holdcos and the WFOEs (the "**Exclusive Business Cooperation Agreements**"), pursuant to which, in exchange for a monthly service fee, the Onshore Holdcos agreed to engage the WFOEs as its exclusive provider of technical support, consultation and other services, including the following services:

- (i) the use of any relevant software legally owned by the WFOEs;
- (ii) development, maintenance and updating of software in respect of the Onshore Holdcos' businesses;
- (iii) design, installation, daily management, maintenance and updating of network systems, hardware and database design;
- (iv) providing technical support and staff training services to relevant employees of the Onshore Holdcos;
- (v) providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under the laws of the Chinese Mainland);
- (vi) providing business management consultation;
- (vii) providing marketing and promotional services;
- (viii) providing customer order management and customer services;
- (ix) transfer, leasing and disposal of equipment or properties; and
- (x) other relevant services requested by the Onshore Holdcos from time to time to the extent permitted under the laws of the Chinese Mainland.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of the Onshore Holdcos, after the deduction of any accumulated deficit of the Consolidated Affiliated Entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions and subject to any necessary adjustment by the WFOEs of the scope and amount of service fees according to the PRC tax law and practices.

b) Exclusive Option Agreements

Under the exclusive option agreements dated December 1, 2017, April 11, 2018, April 17, 2018 and June 4, 2018, respectively, among the Onshore Holdcos, the WFOEs and the Registered Shareholders (the “**Exclusive Option Agreements**”), pursuant to which the WFOEs have the rights to require the Registered Shareholders to transfer any or all their equity interests in the Onshore Holdcos to the WFOEs and/or a third party designated by it, in whole or in part at any time and from time to time, for considerations equivalent to the respectively outstanding loans owed to the WFOEs (or part of the loan amounts in proportion to the equity interests being transferred) or, if applicable, for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. The Exclusive Option Agreements shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in the Onshore Holdcos have been transferred to the WFOEs or their appointee(s).

c) Equity Pledge Agreements

Under the equity pledge agreements dated December 1, 2017, April 11, 2018, April 17, 2018 and June 4, 2018, respectively, entered into between the WFOEs, the Registered Shareholders and the Onshore Holdcos, pursuant to which the Registered Shareholders agreed to pledge all their respective equity interests in the Onshore Holdcos that they own, including any interest or dividend paid for the shares, to the WFOEs as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts. The pledge in respect of the Onshore Holdcos takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and the Onshore Holdcos under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and the Onshore Holdcos under the relevant Contractual Arrangements have been fully paid.

d) Powers of attorney

The Registered Shareholders executed powers of attorney on December 1, 2017, April 11, 2018, April 17, 2018 and June 4, 2018, respectively, (the “**Powers of Attorney**”) pursuant to which the Registered Shareholders irrevocably appointed the WFOEs and their designated persons (including but not limited to Directors and their successors and liquidators replacing the Directors but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, and agreed and undertook not to exercise without such attorneys-in-fact’s prior written consent, any and all right that they have in respect of their equity interests in the Onshore Holdcos. The Powers of Attorney shall remain effective for so long as each shareholder holds equity interest in the Onshore Holdco.

e) Loan Agreements

In relation to Beijing Wali Culture, Xiaomi Inc., Beijing Electronic Software and Youpin Information Technology only, the relevant WFOEs and their Registered Shareholders entered into loan agreements dated December 1, 2017, April 11, 2018, April 17, 2018 and June 4, 2018, respectively, pursuant to which the relevant WFOEs agreed to provide loans to the Registered Shareholders, to be used exclusively as investment in the relevant Onshore Holdcos. The term of each loan commences from the date of the agreement and ends on the date the lender exercises its exclusive call option under the relevant exclusive option agreement, or when certain defined termination events occur, such as if the lender sends a written notice demanding repayment to the borrower, or upon the default of the borrower, whichever is earlier.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between our Group and our Onshore Holdcos and/or Consolidated Affiliated Entities during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

For the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2025, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

The revenue of the Consolidated Affiliated Entities amounted to RMB110.4 billion for the Reporting Period, approximately 24.1% of the total revenue of the Group. As of December 31, 2025, the total assets of the Consolidated Affiliated Entities amounted to RMB129.5 billion, representing approximately 25.5% of the total assets of the Group.

(2) Reasons for Adopting the Contractual Arrangements

The businesses conducted by our Consolidated Affiliated Entities include the provision of value-added telecommunications services business, online culture business, internet audio-visual program service, internet publication service and internet news information service in the PRC. Pursuant to applicable PRC laws and regulations, foreign investors are restricted from conducting certain types of value-added telecommunications services business and are prohibited from conducting online culture business, internet audio-visual program service, internet publication service and internet news information service (collectively, the “**Relevant Businesses**”). After consultation with our PRC Legal Adviser, we determined that it was not viable for our Company to control our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the Chinese Mainland subject to foreign investment restrictions, we would gain effective control over, and have the right to receive all the economic benefits generated by the Relevant Businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements between the WFOEs, on the one hand, and our Consolidated Affiliated Entities and the Registered Shareholders, on the other hand.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOEs and our Consolidated Affiliated Entities and the Registered Shareholders; (ii) by entering into the exclusive business cooperation agreements with the WFOEs, which are Chinese Mainland subsidiaries of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

(3) Risks relating to the Contractual Arrangements

The Company believes the following risks are associated with the Contractual Arrangements, including:

- the PRC government may find that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, which may subject us to severe penalties or be forced to relinquish our interests in those operations;
- substantial uncertainties exist with respect to the interpretation and implementation of Foreign Investment Law of the People’s Republic of China (中華人民共和國外商投資法) and how it may impact the viability of our current corporate structure, corporate governance and business operations;
- the Contractual Arrangements may not be as effective in providing operational control as direct ownership and our Consolidated Affiliated Entities and the Registered Shareholders may fail to perform their obligations under the Contractual Arrangements;

- we may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our Consolidated Affiliated Entities, which could render us unable to conduct some or all of our business operations and constrain our growth;
- the Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and any additional taxes could substantially reduce our consolidated profit and value of your investment;
- the equity holders, directors and executive officers of the Consolidated Affiliated Entities, as well as our employees who execute other strategic initiatives, may have potential conflicts of interest with our Company;
- certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws and regulations; and
- our exercise of the option to acquire equity ownership of our Consolidated Affiliated Entities may subject us to certain limitations and substantial costs.

Further details of these risks are set out in the section headed "Risk Factors — Risks Relating to Our Contractual Arrangement" on pages 86 to 93 of the Prospectus.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities, where necessary, have been submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our Board has reviewed the overall performance of and compliance with the Contractual Arrangements for the Reporting Period;
- our Company has disclosed the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- our Company has engaged external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our Consolidated Affiliated Entities to deal with specific issues and matters arising from the Contractual Arrangements.

(4) Requirement related to Contractual Arrangements (other than relevant foreign ownership restrictions) as of December 31, 2025

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “FITE Regulations”), which were amended on September 10, 2008, February 6, 2016 and March 26, 2022. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, except as otherwise prescribed by the state.

(5) Listing Rules Implications and Waivers from the Stock Exchange

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person,” the Consolidated Affiliated Entities will be treated as our Company’s wholly-owned subsidiaries, and their directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as our Company’s “connected persons”. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company.

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the following conditions:

- (a) no change to the Contractual Arrangements without independent non-executive Directors’ approval;
- (b) no change to the agreements governing the Contractual Arrangements without independent Shareholders’ approval;
- (c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

- (d) the Contractual Arrangements may be renewed and/or reproduced without obtaining the approval of our Shareholders: (i) upon the expiry of the existing arrangements, (ii) in connections with any changes to the Registered Shareholders or directors of the Consolidated Affiliated Entities, or (iii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including branch company), engaging in a business similar or relating to those of our Group when such renewal and/or reproduction is justified by business expediency and on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (e) we will disclose details relating to the Contractual Arrangements on an on-going basis.

(6) Confirmation from Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (i) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and
- (iii) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Shareholders as a whole.

(7) Confirmations from the Company's Independent Auditor

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid Contractual Arrangements:

- (i) nothing has come to their attention that causes the Auditor to believe that the disclosed transactions under the Contractual Arrangements have not been approved by the Board;
- (ii) nothing has come to their attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and
- (iii) nothing has come to their attention that causes the Auditor to believe that dividends or other distributions had been made by our Consolidated Affiliated Entities to the holders of their equity interests which were not otherwise subsequently assigned or transferred to our Group.

2. Other Connected Transactions

As disclosed in the Prospectus and the relevant announcements of the Company, the following transaction of the Group constituted continuing connected transactions for the Company for the Reporting Period.

(1) The 2023 XMF Framework Agreement

On December 22, 2023, the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group) agreed to renew the framework agreement entered into between the Company and Xiaomi Finance on December 30, 2020 by entering into a framework agreement in relation to (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group; and (iii) other transactions under the 2023 XMF Framework Agreement (the “**Other Transactions**”), namely, (a) the supply of products by the XM Group to the Xiaomi Finance Group; (b) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (c) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (d) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group; (e) the provision of comprehensive support services by the Xiaomi Finance Group to the XM Group; (f) data and sharing collaboration between the XM Group and the Xiaomi Finance Group; (g) intellectual property licensing by the XM Group to the Xiaomi Finance Group; and (h) the provision of financial services by the Xiaomi Finance Group to the XM Group (the “**2023 XMF Framework Agreement**”).

Among all the transactions under the 2023 XMF Framework Agreement, the Other Transactions are fully-exempted continuing connected transactions under Chapter 14A of the Listing Rules.

The annual cap and actual transaction amounts for the non-exempted continuing connected transactions under the 2023 XMF Framework Agreement for the Reporting Period are set out as follows:

No.	Transactions	Annual cap for the year ended December 31, 2025 (RMB million)	Actual transaction amounts for the year ended December 31, 2025 (RMB million)
1.	Provision of payment and settlement services by the Xiaomi Finance Group to the XM Group	413	0
2.	Provision of financial services by the XM Group to the Xiaomi Finance Group	8,853	4,308

The 2023 XMF Framework Agreement is for a term of three years from January 1, 2024 to December 31, 2026 (both days inclusive).

We have agreed to treat each member of the Xiaomi Finance Group as a connected subsidiary (as defined in Rule 14A.16 of the Listing Rules) and thus the intra-group transactions involving the XM Group and the Xiaomi Finance Group under the 2023 XMF Framework Agreement will constitute connected transactions under the Listing Rules.

(2) Confirmation from Independent Non-executive Directors

The independent non-executive Directors of the Company have reviewed the continuing connected transactions outlined above, and confirmed that such continuing connected transactions had been entered into:

- (i) in the ordinary and usual course of business of our Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of our Company and our Shareholders as a whole.

During the year ended December 31, 2025, save as disclosed in the section headed “Connected Transactions” of this annual report, no related party transactions disclosed in Note 38 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

(3) Confirmations from the Company’s Independent Auditor

The Auditor has performed the relevant procedures regarding the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the paragraph above in accordance with Rule 14A.56 of the Listing Rules.

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the Reporting Period:

- (i) nothing has come to the Auditor's attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the Auditor's attention that causes the Auditor to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to the Auditor's attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) nothing has come to the Auditor's attention that causes the Auditor to believe that such continuing connected transactions have exceeded the annual caps as set by the Company.

Save as disclosed in this annual report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions which are required to be disclosed under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions entered into by the Group during the Reporting Period.

Major Customers and Suppliers

For the Reporting Period, the five largest customers of the Group accounted for approximately 13.1% of the Group's total revenues while the largest customer of the Group accounted for approximately 8.5% of the Group's total revenues. In addition, for the Reporting Period, the five largest suppliers of the Group accounted for approximately 30.9% of the Group's total purchase amounts while the largest supplier for the Reporting Period, accounted for approximately 12.1% of our total purchase amount.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest customers and suppliers during the Reporting Period.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

Tax Relief

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

Weighted Voting Rights

The Company is controlled through weighted voting rights. Each Class A Share has 10 votes per share and each Class B Share has one vote per share except with respect to resolutions regarding a limited number of Reserved Matters, where each Share has one vote. The Company's weighted voting rights structure will enable the WVR Beneficiaries to exercise voting control over the Company notwithstanding the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control the Company with a view to its long-term prospects and strategy.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with weighted voting rights structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of the Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration.

As of December 31, 2025, the WVR Beneficiaries were Lei Jun and Lin Bin. Lei Jun beneficially owns 4,063,148,182 Class A Shares, representing approximately 61.0% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares are held by Smart Mobile Holdings Limited, a company indirectly wholly-owned by a trust established by Lei Jun (as settlor) for the benefit of Lei Jun and his family. Lin Bin beneficially owns 448,404,962 Class A Shares, representing approximately 6.7% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares are held by Apex Star LLC, a company controlled by Lin Bin.

Class A Shares may be converted into Class B Shares on a one-to-one ratio. As of December 31, 2025, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 4,511,553,144 Class B Shares, representing 20.9% of the total number of issued and outstanding Class B Shares (excluding any treasury Shares) or 17.3% of the issued share capital (excluding any treasury Shares) of the Company.

The weighted voting rights attached to Class A Shares will cease when none of the WVR Beneficiaries have beneficial ownership of any of the Class A Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of the Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;
- (ii) when the Class A Shareholders have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;
- (iii) where a vehicle holding Class A Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or
- (iv) when all of the Class A Shares have been converted to Class B Shares.

Corporate Governance

The Company is committed to maintaining and promoting stringent corporate governance standards. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 88 to 109 of this annual report.

Environmental Policies and Performance

The Company attaches great importance to environmental protection and efficient use of resources, always adheres to green operations, and integrates the concept of green products throughout the entire product life cycle to minimize the impact on the environment. At the same time, the Company actively promotes greenhouse gas (GHG) emission reduction and advocates partners to create a green value chain together.

For details of the Company's environmental policies and performance, please refer to the Environmental, Social and Governance Report on pages 110 to 261 of this annual report.

Disclosure of Changes in Directors' Information Pursuant to Listing Rule 13.51B(1)

Mr. Lei Jun ceased to be a non-executive director of Kingsoft Cloud Holdings Limited (SEHK Stock Code: 3896; NASDAQ ticker: KC) in March 2026.

Mr. Liu De ceased to be a director of Viomi Technology Co., Ltd. (NASDAQ ticker: VIOT) in February 2026.

Mr. Wong Shun Tak ceased to be an independent non-executive director of Kingsoft Corporation Limited (SEHK Stock Code: 3888) in March 2026.

Mandarin Oriental International Limited, the board of which Cai Jinqing has served on since December 1, 2021, was delisted from the London Stock Exchange (Stock Code: MDO), the Singapore Exchange Limited (Stock Code: M04) and Bermuda Stock Exchange (Stock Code: MOIBD.BH) in January 2026.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Final Dividend

The Board has resolved not to declare any final dividend for the Reporting Period.

Use of Net Proceeds from the 2025 Placing and Subscription

On March 27, 2025, the Company completed the 2025 Placing and Subscription. In respect of the Subscription, the subscription price per new Class B Share was HK\$53.25 per Class B Share, which represented a discount of approximately 6.6% to the closing price of HK\$57.00 per Class B Share as quoted on the Stock Exchange on the last trading day prior to the signing of the placing and subscription agreement, and the aggregate nominal value of the subscription Shares was U.S.\$2,000.0 (equivalent to approximately HK\$15,545.7).

The 2025 Placing and the Subscription was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support a healthy and sustainable development of the Company. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Smart Mobile Holdings Limited and the Company (including the managers' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the 2025 Placing and the Subscription) were approximately HK\$42.5 billion. The net subscription price, after deducting such fees, costs and expenses, was therefore approximately HK\$53.11 per subscription Share.

The Company has used and intends to use the net proceeds for (a) the acceleration of our business expansion; (b) investments in research and development to further advance our technological capabilities; and (c) other general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement of the Company dated March 25, 2025. The Company expects to fully utilize the residual amount of the net proceeds in accordance with such intended purposes within one year. For further details, please refer to the announcements of the Company dated March 25, 2025 and March 31, 2025.

As of December 31, 2025, the Company had utilized the net proceeds as set out in the table below:

	Allocation of net proceeds from the 2025 Placing and Subscription (HK\$ million)	Utilization as of December 31, 2025 (HK\$ million)	Unutilized amount as of December 31, 2025 (HK\$ million)
Acceleration of business expansion	19,120.5	14,511.0	4,609.5
Investments in research and development to further advance technological capabilities	19,120.5	12,983.1	6,137.4
Other general corporate purposes	4,248.9	2,661.8	1,587.1
Total	42,489.9	30,155.9	12,334.0

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely, Liu Qin, Chen Dongsheng and Wong Shun Tak. Wong Shun Tak is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

Compliance with Relevant Laws and Regulations

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Auditor

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting.

Events after the Reporting Period

Save as disclosed above, there have been no other significant events that might affect the Group since the end of the Reporting Period and up to the Latest Practicable Date.

By order of the Board

Lei Jun

Chairman

Hong Kong, March 24, 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2025.

Corporate Governance Practices

The Company is committed to maintaining and promoting stringent corporate governance standards. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

Save for code provision C.2.1 of the CG Code, the Company has complied with all the code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules during the Reporting Period. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized in the sections below.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the provisions of the Model Code throughout the Reporting Period.

To supplement the Model Code, the Company has also put in place a disclosure of information policy for the handling and disclosure of inside information. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Further, control procedures have been implemented to ensure that the unauthorized access and use of inside information is strictly prohibited.

Board of Directors

Board Composition

During the Reporting Period and as at the Latest Practicable Date, the Board comprises the following Directors:

Executive Directors

Lei Jun (*Chairman of the Board and Chief Executive Officer*)

Lin Bin (*Vice Chairman of the Board*)

Liu De

Non-executive Director

Liu Qin

Independent Non-executive Directors

Chen Dongsheng

Wong Shun Tak

Cai Jinqing

The biographical information of the Directors is set out in the section headed “Biographical Details and Other Information of the Directors” in this annual report. In addition, an up-to-date list of our Directors and their roles and functions is maintained on the Company’s website and the Stock Exchange’s website.

None of the members of the Board are related to one another.

Throughout the Reporting Period, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors are independent.

Responsibilities and Delegation

The Board is responsible for the leadership and control of the Company, directing and supervising the Company’s affairs and acting in the best interests of the Company and its shareholders.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group’s operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information about the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them.

The Board reserves for its discretion on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the chief executive officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Lei Jun currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of the chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

Appointment and Re-Election of Directors

According to the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A Director appointed by the Board or by ordinary resolutions of the Company, either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting of the Company. All retiring Directors shall be eligible for re-election.

Each Director (including the non-executive Director and independent non-executive Directors) is engaged for a term of three years, which is automatically renewed for terms of another three years. They are subject to retirement and re-election in accordance with the provisions of the Articles as mentioned above.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented by meetings with the senior management of the Company.

Pursuant to code provision C.1.4 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Throughout the Reporting Period, the existing and former Directors have participated in continuous professional training as follows:

Name of director	Type of continuous professional development training ⁽¹⁾
Lei Jun	A & B
Lin Bin	A & B
Liu De	A & B
Liu Qin	A & B
Chen Dongsheng	A & B
Wong Shun Tak	A & B
Cai Jinqing	A & B

Note:

(1) A: Attending seminar(s), conference(s), forum(s) and/or training course(s)

B: Reading materials provided by external parties or by the Company including but not limited to updates relating to the Company's business or directors' duties and responsibilities, corporate governance and regulatory update, Chapter 8A of the Listing Rules and knowledge relating to the weighted voting rights, and other applicable regulatory requirements.

Attendance Records of Directors

During the Reporting Period, the Company held four Board meetings, four Audit Committee meetings, two Corporate Governance Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting. The attendance records of each Director at the above Board and Board committee meetings of the Company are set out in the table below.

Name of Director	Attendance/Number of Meetings					
	Board	Audit Committee	Corporate Governance Committee	Nomination Committee	Remuneration Committee	General Meeting
Lei Jun	4/4	—	—	—	1/1	1/1
Lin Bin	4/4	—	—	1/1	—	1/1
Liu De	4/4	—	—	—	—	1/1
Liu Qin	4/4	4/4	—	—	—	1/1
Chen Dongsheng	4/4	4/4	2/2	—	1/1	1/1
Wong Shun Tak	4/4	4/4	2/2	1/1	1/1	1/1
Cai Jinqing	4/4	—	2/2	1/1	—	1/1

Apart from the above meetings, the chairman of the Board has held at least one meeting with independent non-executive Directors during the Reporting Period without the presence of other Directors.

The Board will meet at least four times a year in the future involving active participation of a majority of Directors, at approximately quarterly intervals. Schedules for regular Board meetings are normally agreed with Directors in advance to facilitate their attendance. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors are given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying meeting papers will be sent to all Directors in a timely manner and at least three days in advance of every regular Board meeting.

Board Committees

The Board has established four Board committees, namely, the Audit Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific written terms of reference which deal clearly with their authority and duties, and are posted on the Company's website and the Stock Exchange's website.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. As at the Latest Practicable Date, the Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely, Liu Qin, Chen Dongsheng and Wong Shun Tak. Wong Shun Tak, who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules, is the chairman of the Audit Committee.

None of the members of the Audit Committee is a former partner of the Company's existing Auditor, PricewaterhouseCoopers.

During the Reporting Period, the Audit Committee has performed the following major tasks:

- Reviewed the 2024 annual report.
- Reviewed the audited annual results of the Group for the year ended December 31, 2024.
- Reviewed the unaudited first quarterly results of the Group for the three months ended March 31, 2025.
- Reviewed the unaudited interim results of the Group for the three and six months ended June 30, 2025.
- Reviewed the unaudited third quarterly results of the Group for the three and nine months ended September 30, 2025.
- Discussed matters with respect to effectiveness of the Company's financial reporting system, the system of internal control in operation, risk management system and associated procedures within the Group with senior management members, internal auditors and the Auditor.
- Reviewed the plans, resources and work of the Company's internal auditors.

- Reviewed the continuing connected transactions of the Group carried out during the Reporting Period.
- Reviewed the risk management and internal control systems of the Group.
- Discussed and made recommendation on the re-appointment of the Auditor.
- Reviewed the independence, terms of engagement and remuneration of PricewaterhouseCoopers for annual audit for the Reporting Period.
- Reviewed the status of compliance with the CG Code, the Listing Rules and relevant laws by the Group.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of the executive Directors. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended its re-appointment.

Corporate Governance Committee

The Company has established the Corporate Governance Committee in compliance with Rule 8A.30 of the Listing Rules and the CG Code. The Corporate Governance Committee is responsible for performing the functions set out in code provision A.2.1 of the CG Code. The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders indiscriminately and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structure of the Company. The Corporate Governance Committee would review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. As at the Latest Practicable Date, all the members of the Corporate Governance Committee are the independent non-executive Directors, namely, Chen Dongsheng, Wong Shun Tak and Cai Jinqing. Chen Dongsheng is the chairman of the Corporate Governance Committee.

During the Reporting Period, the Corporate Governance Committee has performed the following major tasks:

- Reviewed and monitored whether the Company is operated and managed for the benefits of all its Shareholders;

- Reviewed the policies and practices of the Company on corporate governance and on compliance with legal and regulatory requirements. The policies reviewed include the Code for Securities Transactions by Directors and Relevant Employees, board diversity policy, director nomination policy, shareholders' communication policy, procedures for nomination of director by shareholders, disclosure of information policy, connected transactions policy, whistle-blowing policy, dividend policy, board remuneration policy, board policy on obtaining independent views and inputs and other corporate governance policies.
- Reviewed the Company's compliance with the CG Code and the deviation(s) from code provision C.2.1 of the CG Code, the Company's disclosure in the Corporate Governance Report and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.
- Reviewed the remuneration, the terms of engagement and the re-appointment of the Company's compliance advisor.
- Reviewed and monitored the management of conflicts of interests between the Group/the Shareholders on one hand and the WVR Beneficiaries on the other.
- Reviewed and monitored all risks related to the weighted voting rights structure, including connected transactions between the Group/the Shareholders on one hand and the WVR Beneficiaries on the other.
- Reviewed the arrangement for the training and continuous professional development of Directors and senior management (in particular, Chapter 8A of the Listing Rules and knowledge in relation to risks relating to the weighted voting rights structure).
- Sought to ensure effective and on-going communication between the Company and its Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules.
- Reviewed the Company's compliance with the ESG Reporting Guide, as well as the annual risk management status, effectiveness of measures and practical progress concerning material ESG issues (including data security and privacy protection, product quality and safety, responsible AI, and business ethics).
- Reviewed the Company's progress in achieving the annual ESG management goals and provide guidance and supervision to the ESG team.
- Reported on the work of the Corporate Governance Committee covering all areas of its terms of reference.

The Corporate Governance Committee has confirmed that (i) the WVR Beneficiaries have been members of the Board throughout the Reporting Period; (ii) no matter under Rule 8A.17 of the Listing Rules has occurred during the Reporting Period; and (iii) the WVR Beneficiaries have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules during the Reporting Period.

In particular, the Corporate Governance Committee has confirmed to the Board it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the beneficiaries of weighted voting rights in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole indiscriminately. These measures include the Corporate Governance Committee (a) reviewing and monitoring each transaction contemplated to be entered into by the Group and making a recommendation to the Board, prior to the transaction being entered into, of any potential conflict of interest between the Group and/or the Shareholders on one hand and any beneficiaries of the weighted voting rights, and (b) ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) their terms are fair and reasonable and in the interest of the Company and its Shareholders as a whole, (iii) any directors who have a conflict of interest abstain from voting on the relevant board resolution, and (iv) the Compliance Advisor is consulted on any matters related to transactions involving the beneficiaries of weighted voting rights or a potential conflict of interest between the Group and these beneficiaries. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives.

Having reviewed the remuneration and terms of engagement of the Compliance Advisor, the Corporate Governance Committee confirmed to the Board that it was not aware of any factors that would require it to consider either the removal of the current Compliance Advisor or the appointment of a new compliance advisor. As a result, the Corporate Governance Committee recommended that the Board retain the services of the Compliance Advisor.

Independent Input Mechanism

The Company recognizes that Board independence is key to good corporate governance and to increase board efficiency. As part of the established governance framework, the Group has adopted the Policy on Obtaining Independent Views and Inputs (the “**Independent Input Mechanism**”) on November 23, 2022, which demonstrates the Company’s commitment to high standards of corporate governance, board efficiency and making good governance integral to the Company’s culture.

According to the Independent Input Mechanism, the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their director’s duties at the Company’s expense (the “**Mechanism**”). Independent professional advice shall include legal advice and the advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

In the event that independent professional advice, views and input are considered necessary, the Board, Board committees or individual Directors shall communicate with the company secretary to start the Mechanism, providing background and details of the relevant incidents and/or transactions, and the issues involved which would require independent views and input. They may direct any questions, queries, concerns or specific advice to be sought to the company secretary who will then contact the Company's professional advisers (including legal advisers, accountants, independent auditor, internal control adviser) or other independent professional parties to obtain such independent professional advice within a reasonable period of time. Any advice obtained through the Mechanism shall be duly documented and made available to other members of the Board.

Despite having obtained any information or advice from the chairperson of the Board and/or any independent professional advisers through the Mechanism, the Directors are expected to exercise independent judgement in forming their decisions. During the year ended December 31, 2025, the Board has reviewed the Independent Input Mechanism and considered that the implementation of the mechanisms was effective.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 8A.27 of the Listing Rules and the CG code. The primary duties of the Nomination Committee are to review the Board composition, make recommendations to the Board regarding the rotation and appointment of Directors and Board succession, and assess the independence of independent non-executive Directors of the Company. As at the Latest Practicable Date, the Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Lin Bin, Wong Shun Tak and Cai Jinqing. Wong Shun Tak is the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee has performed the following major tasks:

- Reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group.
- Assessed the independence of all the independent non-executive Directors.
- Recommended the re-election of the retiring Directors at the 2025 annual general meeting of the Company.

Board Diversity Policy

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company’s competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

To further ensure gender diversity of the Board in the long run, the Nomination Committee will periodically review the Board Diversity Policy and monitor its continued effectiveness. The Group will also continue to take opportunities to increase the proportion of female board members workforce over time as and when suitable candidates are identified. For further details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 110 to 261 of this annual report.

During the Reporting Period, the Board has reviewed and considered the implementation of the Board Diversity Policy to be on track. The implementation of the Board Diversity Policy is evidenced by the fact that our Directors are from a diverse age group with experience from different industries and sectors. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of computer science, engineering, business administration, human resources, finance, and corporate governance. They obtained degrees in various areas including computer science, engineering, electronics, industrial design, business administration, finance, and political economics. The Board is characterized by significant diversity in terms of age, education background and professional experience.

The Company is also committed to ensure that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee shall report its findings and make recommendation to the Board to complement the Company’s corporate strategy and to ensure that the Board maintains a balanced diverse profile.

Director Nomination Policy

The Company has also adopted a nomination policy for the election of Directors in accordance with mandatory disclosure requirement E(d)(iii) of the CG Code. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors of the Company. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing Board effectiveness and diversity.

The Nomination Committee and the Board may nominate candidates for directorship. In assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee may make reference to certain selection criteria, such as reputation for integrity, professional qualifications and skills, accomplishment and experience in the internet and technology markets, commitment and relevant contribution, diversity in all aspects. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely, Lei Jun, Chen Dongsheng and Wong Shun Tak. Chen Dongsheng is the chairman of the Remuneration Committee.

During the Reporting Period, the Remuneration Committee has performed the following major tasks:

- Reviewed the remuneration policy and the remuneration packages of the Directors and senior management of the Company.
- Reviewed and approved the terms of and/or matters relating to incentive schemes (including share schemes) under Chapter 17 of the Listing Rules.
- Reviewed and recommended to the Board the grant of share awards to certain senior management of the Company and grantees. While considering the grant of share awards, the Remuneration Committee had evaluated the remuneration of the grantee in comparable market peer and the value of grant to the grantee. After considering those factors, the Remuneration Committee recommended the proposed grant of share awards to the grantee to the Board for approval to appreciate the grantee's devotion and commitment to the Company which align with the purposes of the respective share schemes.

Directors' Remuneration Policy

The purpose of the Director's Remuneration Policy is to ensure that the Company can attract and retain its Directors to meet the business needs of the Company. The Remuneration Committee is to make recommendations on the Directors' remuneration policies and structure, establish formal and transparent procedures to evaluate the performance of Directors, review and make recommendations on incentive plans and the terms of Directors' service contracts, and make recommendations on the Directors' remuneration packages.

In making recommendations on the remuneration packages of Directors, the Remuneration Committee shall have regard to:

- any corporate policies or goals as resolved by the Board from time to time;
- factors such as the level of remuneration paid by comparable companies, the time committed by the Directors and their responsibilities, and the employment conditions elsewhere in the Group; and
- the level of remuneration necessary to attract and retain directors for successful management of the Company.

In addition, the Remuneration Committee shall:

- review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- ensure that no director or any of their associates is involved in determining their own remuneration. In general, no performance-related equity-based remuneration (such as options or share awards) should be given to independent non-executive directors as it may impede their objectivity and independence.

Remuneration of Senior Management

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration (including share-based compensation) of the members of senior management⁽¹⁾, including those members of senior management who are also the executive Directors, by band for the Reporting Period is set out below:

Annual Remuneration	Number of individuals
HK\$0 to HK\$10,000,000	4
HK\$10,000,001 to HK\$30,000,000	5
HK\$30,000,001 to HK\$100,000,000	2
HK\$100,000,001 to HK\$150,000,000	—
HK\$150,000,001 to HK\$400,000,000	1

Note:

(1) Senior management as of December 31, 2025.

Further details of the remuneration for the Reporting Period are set out in Note 9 to the consolidated financial statements contained in this annual report.

Risk Management and Internal Control

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness.

The Board takes the overall responsibility for evaluating and determining the nature and extent of the risk of failure to achieve the Company's strategic objectives, as well as establishing and maintaining effective risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss.

The Audit Committee assists the Board in leading the management team to oversee the design, implementation and monitoring of the risk management and internal control systems.

The management considers it important to establish and to improve its risk management and internal control systems continuously, and has strengthened internal control and internal audit functions of the Company during the Reporting Period. The Company's risk management and internal control systems have been developed with the following principles and processes:

Organization principles:

In accordance with COSO framework¹⁵, the Three Lines of Defense Model has been implemented:

The First Line of Defense — Business Management and Operation:

The First Line of Defense is mainly formed by the business departments of the Company which are responsible for the day-to-day operations, and designing and implementing control measures to address the risks.

15 the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations.

The Second Line of Defense — Risk Management, Internal Control and Other Functions:

The Second Line of Defense is mainly implemented by the Internal Control team and other functions, which are responsible for formulating policies, designing and implementing integrated risk management and internal control systems. To ensure effective implementation of such systems, this line of defense also assists and supervises the First Line of Defense in the establishment and improvement of control measures.

The Third Line of Defense — Internal Audit and Safety Investigation:

The Third Line of Defense is mainly implemented by the Internal Audit team and the Safety Investigation team, which hold a high degree of independence. They provide an evaluation of the effectiveness of the Company's risk management and internal control systems and monitor management's continuous improvement over these areas.

The Internal Audit team directly reports to the Audit Committee.

Risk Management Process:

Internal control risk assessments are conducted regularly to identify risks that potentially impact the business of the Group.

The Internal Audit team is responsible for performing independent reviews of the adequacy and effectiveness of the risk management and internal control systems. These reviews are performed annually. The Internal Audit team examines key issues in relation to the accounting practices and all key internal controls and provides its findings and recommendations to the Audit Committee.

The Board, supported by the Audit Committee and management, reviewed the management reports and the internal audit reports. For the Reporting Period, the Board considered the risk management and internal control systems of the Company effective and adequate.

The Company has developed its disclosure policies which provide a general guidance to the directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and the use of insider information are strictly prohibited.

Significant risks of the Company:

During the Reporting Period, through the risk management evaluation process, the Company identified certain significant risks, which were reported to the Audit Committee. The Company designed and implemented measures to address these risks accordingly:

1. AI technology risks

The AI industry has shifted from early technological exploration to commercialization. Market players are scaling up AI deployment in business scenarios, while relevant compliance regulations are being discussed and released. For the Company, opportunities and risks coexist. Selection of the wrong AI technology development path may lead to misallocation of resources; the effectiveness of AI application in smart devices remains uncertain, which may affect the implementation of the “Human × Car × Home” strategy; intensifying regulatory scrutiny over AI-generated content may raise the risk of non-compliance; and supply constraints in high-end computing chips may delay AI progress and increase operating costs. The Company closely monitors the evolution of AI technologies and continuously promotes the integrated innovation of AI with smartphones, IoT, EV, cloud computing and other technologies; and sets up special talent recruitment programs and establishes a cross-field expert team. The Company has established a full-life-cycle content review system embedded with AI ethical guidelines to ensure the compliant development of Xiaomi AI and to efficiently empower the implementation of Xiaomi’s “Human × Car × Home” strategy.

2. Raw material supply and price increase risks

The Company faces the risk of price increases of key components, as well as the risk of potential cost increases arising from global commodity price volatility. To address these challenges, the Company has made concerted efforts to build a diversified supplier base to enhance supply chain safety, locking in costs and mitigating price fluctuations through long-term agreements, deepening strategic cooperation with leading suppliers, and increasing investment in independent R&D in core areas, so as to gradually enhance its self-reliant capabilities in the supply and cost control of key materials.

3. Competition risks

The global smartphone market size is experiencing a downturn. At the same time, the emergence of AI may reshape the smartphone market landscape. Leading players in the industry, to the extent if they pursue a price reduction strategy, may impact Xiaomi's high-end smartphone business. The smart EV business is still in an early phase, and faces challenges such as technology iterations, technical direction selection, and price war escalation. If the Company's new products fail to meet market expectations, the Company's share price may fluctuate. The Company continues to implement a "product premiumization" strategy, promotes technological innovation and product differentiation, shortens the commercialization cycle of technology, optimizes the overseas distribution channels, especially in the emerging markets, and builds a flexible manufacturing system to dynamically allocate production capacity, to ensure the ever-increasing global competitiveness of the smartphone business and maintains good momentum in the smart EV business.

4. Public opinion and crisis response risks

The Company's new successful product launches have attracted continuous attentions from all walks of life. Negative public opinions rapidly spread and ferment through social media, which presents challenges to the Company's crisis management capabilities. If not addressed appropriately, it may significantly impact the Company's brand reputation, our sales as well as our share price. The Company continues to improve our public opinion monitoring system, establishes emergency plans for public opinion crisis events and conducts simulation drills, actively operates in various media channels to enhance understanding and recognition, while maintaining the Company's brand image, and continues to improve our quality control system to prevent negative events, and to ensure public opinion crises are effectively addressed.

5. Geopolitical risks

Given geopolitical uncertainty, the Company could face supply chain risks and tariff impacts, which may restrict the performance and market competitiveness of the Company's smartphones and other products, and may in turn impact the business of the Company. In addition, compliance reviews or claims in some countries could result in the Company being subject to asset freezing, large fines and could impact the Company's operations to some extent. The Company closely monitors the global political and policy situations, continuously promotes the diversification of its supply chain to dilute its concentration risk, accelerates the expansion to the overseas markets, deepens its local production and marketing capabilities, and increases in-house R&D investment on core technologies, to minimize the geopolitical impact on the Company's business.

Anti-Corruption and Whistleblowing Policies

The Company has adopted the Whistleblowing Management Rules and the Whistleblower Protection and Reward Rules as the Company's whistle-blowing policies in accordance with code provision D.2.6 of the CG Code, as well as the Code of Honesty and Integrity, Gifts, Hospitality and Travel Policy, and the Conflicts of Interest Management Rules, as the Company's anti-corruption policies, in accordance with code provision D.2.7 of the CG Code. The outlined principles and guidelines intend to enhance the compliance to the anti-corruption laws and regulations by establishing a whistleblowing system for employees and business partners to raise concerns, in confidence and with anonymity, with the internal audit department that will then report to the Audit Committee any material improprieties related to the Company. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group's business, corporate strategy and stakeholder expectations.

Directors' Responsibilities in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Reporting Period.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Company, which are put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the Auditor about their reporting responsibilities on the Company's consolidated financial statements for the Reporting Period is set out under the section headed "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

The fees paid/payable to the Auditor in respect of audit services and non-audit services for the Reporting Period are analyzed below. The amount of audit service fee also included statutory audits and reviews of the Group and certain subsidiaries. The non-audit services conducted by the Auditor mainly include professional services on tax advisory and internal control consultation services.

Type of services provided by the Auditor	Fees paid/payable (RMB'000)
Audit services	50,644
Non-audit services	11,330
Total	61,974

Joint Company Secretaries

Liu Hao, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. Liu Hao joined our Group in 2018 and is the Company's legal director overseeing the legal and compliance affairs in relation to the Company's corporate governance, capital markets, mergers and acquisitions and corporate finance activities. Before joining our Group, he worked at Jingtian & Gongcheng Law Firm in Beijing where he accumulated extensive working experience in corporate governance, capital markets, mergers and acquisitions and corporate finance. He has previously also worked at another company listed on the Main Board of The Stock Exchange of Hong Kong Limited, where he was responsible for legal compliance. Liu Hao holds a bachelor's degree in law and a master's degree in civil and commercial law, as well as a PRC legal professional qualification. Liu Hao has been appointed as joint company secretary with effect from March 25, 2022.

So Ka Man of Tricor Services Limited, an external service provider, has been acted as another joint company secretary of the Company during the Reporting Period. The primary contact person at the Company is Liu Hao.

During the Reporting Period, each of Liu Hao and So Ka Man has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Communications with Shareholders and Investor Relations

The Board believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision. In this respect, the terms of reference of the Company's Corporate Governance Committee include, among others, seeking to ensure effective and on-going communication between the Company and the Shareholders.

General meetings of the Company provide an opportunity for communication between the directors, senior management and the Shareholders. The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior management of the Company are available at such meetings to respond to enquiries raised by the Shareholders. To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings.

During the Reporting Period, the Company held an annual general meeting on June 5, 2025. Notice of the meeting was sent to the Shareholders on April 25, 2025, not less than 21 days before the date of the annual general meeting. The chairman of the Board and the chairmen of each of the Audit Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee attended the annual general meeting and were available to answer any questions raised by the Shareholders. A representative of the Auditor also attended to answer any questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company publishes in a timely manner both English and Chinese versions of (i) any corporate communication (as defined in the Listing Rules) of the Company that requires shareholder attention or action, and (ii) announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving insider information, corporate actions and corporate transactions).

The Company maintains a website at "www.mi.com" as a communication platform with the Shareholders and investors, where information on the Company's announcement, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board of Directors, as follows:

Address: Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Email: ir@xiaomi.com

The Company continues to enhance communications and relationships with Shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from shareholders and investors are dealt with in an informative and timely manner.

The Company ensures that the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, maintains the most up-to-date information relating to the Company's shares at all times so that it can respond effectively to shareholder enquiries.

Shareholders' Communication Policy

The Company has established a shareholders' communication policy with the objective of promoting effective and on-going communication between the Company and the Shareholders so that they can exercise their rights in an informed manner. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Directors (or their delegates as appropriate), appropriate management executives and external auditor will use all reasonable endeavors to attend annual general meetings and answer enquiries from Shareholders.

The Company discloses information and publishes periodic reports and announcements to the public in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

During the Reporting Period, the Corporate Governance Committee reviewed the shareholders' communication policy and ensure its implementation and effectiveness, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules.

Dividend Policy

With respect to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Shareholders' Rights

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the Shareholders' meetings on each substantial issue, including the election of individual directors, for the Shareholders' consideration and voting. All resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.mi.com) and the Stock Exchange after each Shareholders' meeting.

Pursuant to the Articles of the Company, extraordinary general meetings shall be convened on the written requisition of any one or more Shareholders holding, as of the date of deposit of the requisition, in aggregate shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. A written requisition shall be deposited at the principal office of the Company in Hong Kong to the Board or the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

There is no provision allowing the Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

Constitutional Documents

During the Reporting Period, there were no significant changes in the Memorandum and Articles of Association.

The up-to-date version of the Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Events after the Reporting Period

Save as disclosed in this Corporate Governance Report, there has been no other significant event subsequent to the Reporting Period and up to the Latest Practicable Date that might affect the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

This is the eighth environmental, social, and governance (ESG) report published by Xiaomi Corporation (referred to as “Xiaomi”, “the Group,” or “we/us”), with an aim to present, on an objective and impartial basis, the ESG strategy, management, and implementation progress of Xiaomi Corporation and its subsidiaries included in the Annual Report in 2025.

The Report was prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules of the Stock Exchange of Hong Kong Limited (HKEx), with reference to disclosure frameworks such as the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and the IFRS S2 Climate-related Disclosures (IFRS S2) issued by the International Sustainability Standards Board (ISSB), as well as the United Nations Sustainable Development Goals (UN SDGs).

In preparation for the Report, we adhered to the reporting principles of Materiality, Quantitative, Balance, and Consistency, while taking into account Accuracy, Clarity, Comparability, Completeness, Timeliness, Verifiability, and Sustainability Context to define our reporting boundary and ensuring proper presentation of our reported information.

The Group has engaged SGS-CSTC Standards Technical Services Co., Ltd. to perform a moderate-level assurance in accordance with the internationally recognized sustainability (ESG) assurance standard AA1000 Assurance Standard, 3rd Edition. For more detailed assurance procedures and conclusions, please refer to the attached “Independent Assurance Statement.”

This Report covers the period from January 1, 2025 to December 31, 2025 (“2025,” “this year,” or “the Reporting Period”) and presents information over a wider time frame spanning before or after 2025 to enhance reporting comparability and completeness as well as data continuity.

The information and cases within the Report are primarily cited from the statistical reports, official documents, and financial statements of Xiaomi Corporation in 2025. Unless otherwise specified, all currencies and amounts mentioned in this report are measured in RMB.

We affirm that this Report contains no false records or misleading statements, and accepts full responsibility for the authenticity, accuracy, and completeness of its contents. Readers are encouraged to review this Report alongside the “Corporate Governance Report” section in the Annual Report of Xiaomi Corporation, as well as the Group’s “ESG and Sustainability” webpage.

This Report is published in both Chinese and English in April 2026. In the event of discrepancies between the Chinese and English versions, the Chinese version shall prevail. If you have any suggestions or comments about this report, please contact us by e-mail at esg@xiaomi.com.

Board Statement

Xiaomi Corporation upholds a sustainability strategy driven by foundational core technologies and consistently embeds ESG principles into its “Human × Car × Home” strategy and daily operations. The Group is committed to leveraging technological innovation to build an advanced and continuously evolving technology ecosystem, providing every user worldwide with a comprehensive, seamless, and sustainable smart-living experience.

The Board of Directors (the “Board”) firmly believes that a robust ESG governance system is the foundation of the Group’s efforts to deepen and implement an effective ESG strategy. As Xiaomi’s highest ESG governance and decision-making body, the Board oversees and drives the orderly execution of all ESG matters, and has assigned the Corporate Governance Committee (CGC) to implement ESG-related strategies, such as climate topics. During the year, the Group continued to refine policies, measures, and procedures related to material ESG topics, including risk and opportunity identification and management, to provide effective guidance for implementation. As global regulations, initiatives, and standards evolve, the Board reviews relevant frameworks to ensure that the Group’s ESG practices fully comply with regulatory requirements and stakeholder expectations. To further enhance the Board’s professional capabilities in fulfilling its oversight and decision-making duties, all directors participated in two specialized trainings during the year, covering ESG risk and opportunity management, industry developments, and regulatory updates.

Xiaomi Corporation has fully integrated key ESG risk management into its overall risk management framework, enabling the Group to mitigate potential risks and capture development opportunities. Senior management and heads of operating departments actively participate in identifying and assessing key ESG risks and developing appropriate response measures based on their likelihood, impact, and expected trends. Climate-related risk assessments, progress toward carbon-reduction targets, and associated financial impacts are regularly reported to the Board and its specialized committees. In the event of major climate incidents or regulatory changes, management submits timely assessment reports to support informed decision-making by the Board. During the year, the Board reviewed the effectiveness of the risk management and internal control systems of the Group and its subsidiaries and confirmed that these systems remained appropriate and effective in all material aspects. The review covered financial, operational, and compliance controls, as well as ESG-related risk management functions.

The Board has established a regular mechanism for reviewing ESG topics. Building on prior experience, the Board actively evaluates the potential impacts of material ESG topics, the effectiveness of risk and opportunity management, and the adequacy of resources. Key areas of focus include sustainable supply chain management, product and service quality, AI development, privacy and data security, and climate action. Every six months, the Board reviews ESG priorities, approves progress toward ESG metrics and targets, and assesses related performance outcomes to evaluate the impact of the ESG strategy on the Group’s operations and financial results. This ensures that all ESG goals are not standalone philanthropic commitments but are business-enabling initiatives aligned with the Group’s “Human × Car × Home” strategy. Additionally, climate topics have been incorporated into recurring governance procedures. Two Board meetings were held during the year to review climate resilience assessments, greenhouse-gas emissions performance, and potential financial impacts, as detailed in the “Climate Metrics and Targets” section. The Board considers that the established ESG goals and strategies will significantly reduce the Group’s overall risk exposure and create long-term sustainable value for shareholders.

During the Reporting Period, the Board adhered to the principle of materiality and actively engaged with stakeholders to understand and evaluate their concerns regarding key ESG topics. This process enabled the Group to establish clear priorities for its ESG development roadmap and day-to-day management, providing effective support for long-term strategic decision-making. Further details can be found in the “Materiality Assessment and Stakeholder Engagement” section of this Report.

This Report was reviewed and approved by the Board of Directors of Xiaomi Corporation on March 23, 2026.

Materiality Assessment and Stakeholder Engagement

Stakeholder Engagement

Xiaomi has always regarded stakeholder engagement as the foundation for building core ESG competitiveness. We have established a multi-channel communication framework overseen by the Board of Directors and implemented by management. Through channels such as our official website, Investor Day, and Supplier Conferences, we continuously identify and assess material ESG risks and opportunities that have a significant impact on the Group's business model, cash flow, and cost of capital in the short, medium, and long term. For material issues, we have established a comprehensive communication framework and diverse engagement channels to ensure that management decisions fully incorporate stakeholder feedback and suggestions. We are committed to transparent disclosure, not only by promptly updating progress on the "ESG and Sustainability" page of our official website but also by systematically disclosing specific response measures for different stakeholder groups through this report, thereby achieving long-term value co-creation and mutual benefit in the field of sustainability.

During the Reporting Period, the outcomes of stakeholder engagement further validated and reinforced the Group's ESG management priorities. Feedback from investors and regulators prompted the Group to further strengthen disclosures regarding technological innovation, climate adaptation, and governance effectiveness; feedback from users and the general public drove the Group to continuously elevate the management priority of product quality, safety, and privacy-related issues; and feedback from value chain partners and stat further supported the Group's decision to incorporate sustainable supply chains, industrial co-prosperity, and talent development into its annual key management priorities.

For details regarding stakeholder identification, key issues of concern, and the specific engagement process, please refer to the Stakeholder Engagement Details Table in the appendix of this report.

Materiality Assessment

To effectively address evolving sustainability requirements and integrate sustainability factors more systematically into strategic and operational decision-making, Xiaomi has established and continues to optimize a dynamic materiality assessment mechanism. This mechanism adopts "double materiality"¹ as its core methodology, combining quantitative thresholds with qualitative judgments to comprehensively assess the social and environmental impacts of sustainability issues, as well as their impact on the Group's financial performance, strategic execution, and long-term value creation. This enables the identification of the Group's material issues during the Reporting Period and provides a basis for resource allocation, risk management, and information disclosure.

Issue Identification and Assessment Process

During the Reporting Period, the identification of material issues is conducted jointly by the ESG Working Group, the Risk Management Team, and senior management. By reviewing internal operational data, risk and opportunity analyses, industry best practices, international and industry standards, rating and disclosure frameworks, regulatory requirements, media and public sentiment information, as well as global sustainability trends, the Group establishes a list of potential issues and updates it dynamically.

We review and assess material issues annually. During the Reporting Period, the Group conducted materiality assessments through methods such as surveys, in-depth interviews, expert consultations, management workshops, and analytical reviews. A total of 20 interviews were conducted, covering key internal functions and external stakeholders, and incorporating the opinions of industry and sustainability experts to ensure comprehensive input across operational, strategic, financial, and sustainability dimensions.

1 According to the "double materiality" principle, if an issue meets the Group's materiality threshold in either the impact or financial dimension, it is included in the materiality assessment matrix; if it achieves a high rating in both dimensions, it is deemed a highly material issue.

Based on this, the Group conducted a comprehensive analysis of the relevance, impact, likelihood, and financial implications of potential issues, identifying key impacts, risks, and opportunities related to the Group's operations and the entire value chain.

Organizational Scope and Boundaries:

The Group's materiality review and assessment covers global operations, encompassing core business segments including smartphones, IoT and lifestyle products, internet services, and smart electric vehicles (EVs), across the entire value chain — including our own operations, upstream supply chains, downstream product use, and end-of-life product management.

Determination Criteria:

Regarding materiality of impact, the Group focuses on assessing the actual or potential environmental and social impacts of the issue, taking into account the scale, scope, reversibility, and likelihood of such impacts. Regarding financial materiality, the Group focuses on evaluating the current or anticipated impact of the issue on financial position, operating results, cash flow, financing capacity, and long-term enterprise value, and analyzes its effects on revenue, operating costs, capital expenditures, asset impairments, supply chain stability, compliance costs, and brand value.

To enhance the consistency and auditability of the assessment results, the Board of Directors has reviewed and approved the criteria for selecting material issues for the Reporting Period, including but not limited to:

1. If a risk or opportunity is expected, under reasonably foreseeable scenarios, to have an impact on revenue, operating costs, capital expenditures, the carrying value of assets, or cash flows that reaches or exceeds 1% of the relevant financial statement item, annual budget, or interim plan baseline;
2. Meets the criteria for major risk classification, such as triggering significant regulatory penalties, major litigation, major business disruptions, or major reputational incidents;
3. Ranking among the top three priorities in the comprehensive assessment of key stakeholders; and
4. Involves the Group's core business, key regions, or critical value chain segments, and may have a material impact on its competitive position in the medium to long term.

Definition of Time Horizons and Their Relationship to Strategic Planning:

To ensure that the analysis of material issues aligns with the Group's business decision-making cycle, the Group defines the time horizons as follows: short-term (within 1 year), medium-term (2 to 5 years), and long-term (5 years or more). These classifications are aligned with the Group's annual business plans, medium-term business strategies, capital investment cycles, and arrangements for technology and capacity deployment.

Management Engagement and Key Feedback

During the Reporting Period, the Board of Directors and senior management reviewed the materiality assessment process, evaluation criteria, and assessment results, and discussed the prioritization of key issues, the definition of time horizons, and the direction of management responses, confirming that these issues reflect the Group's most substantial sustainability impacts, risks, and opportunities within the current operating environment. Based on this, management formulated corresponding response recommendations and incorporated them into annual and medium- to long-term management plans.

The Board also reviewed the operation of the Group's risk management and internal control systems and confirmed that, during the Reporting Period, these systems were generally effective and adequate in identifying, assessing, monitoring, and addressing financial, operational, compliance, and ESG risks, thereby supporting the Group's ongoing management of material issues and significant risks.

In addition, we fully incorporated feedback from key stakeholders and industry experts regarding the materiality assessment results, and through regular communication mechanisms, we continue to enhance the rigor, dynamism, and effectiveness of the materiality assessment process.

Materiality Assessment Results

During the Reporting Period, based on the systematic materiality assessment process described above, we identified the material issues. To clearly communicate to investors and stakeholders how ESG factors are integrated into the business value chain, we conducted an in-depth review of each highly material issue across three dimensions: the substantial social and environmental impacts (Impact), the potential risks to the Group's business stability (Risk), and the strategic opportunities (Opportunity) they present. The detailed IRO analysis results, management initiatives, and key performance metrics for each material issue are presented at the beginning of the corresponding sections later in this report, enabling readers to review relevant content and comprehensively evaluate the Group's management capabilities regarding ESG issues and its long-term value creation performance.

1. Cutting-Edge Technologies and Trustworthy Governance

Xiaomi believes that truly valuable technological innovation should be both cutting-edge and accessible — first deeply integrating AI with the physical world to transform hardcore technology into exceptional user experiences, and then enabling more people to enjoy a better life through innovative technology in an affordable way.

To this end, Xiaomi continues to invest in fundamental scientific research and open innovation collaboration, and builds an integrated innovation space oriented toward long-term value: connecting the physical world, the digital world, and key technological infrastructures; incorporating cross-domain engineering capabilities, platforms and toolkits, and most importantly interdisciplinary talent into the same reusable collaboration mechanism, enabling innovation to evolve from inspiration into scalable capability and a self-renewing culture of engineering. At the same time, we embed risk sensitivity into this mechanism: bringing regulatory, legal, ethical, and social considerations forward into technology roadmaps and R&D processes, and treating privacy protection, user autonomy, fairness, and safety as hard constraints to ensure that innovation aligns with social value and remains sustainable and resilient amid uncertainty.

The table below summarizes the materiality assessment issue results for this chapter, highlighting the significant impacts, risks, and opportunities associated with the topics covered.

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Transformative Technology	Long-term, committed R&D investment in chips and robotics drives the implementation of the Group's premium strategy, enhances Xiaomi's image as a hardcore technology enterprise, and increases revenue.	Opportunity	Own Operations
	The "engineering culture" and "hardcore technological innovation" mutually reinforce each other, strengthening organizational culture and cohesion, and promoting talent development and R&D output.	Opportunity	Own Operations
	Incorrect technological direction or heavily funded R&D that cannot be commercialized may generate unnecessary sunk costs for the Group.	Risk	Own Operations
	If innovation outcomes fail to meet investor or consumer expectations, or lag behind peers, the Group's reputation and revenue may be affected.	Risk	Own Operations

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Data Security and Privacy Protection	If system vulnerabilities are exploited for cyberattacks or cloud service provider failures occur, the Group's operations may be interrupted.	Risk	Own Operations
	If transparent information regarding data privacy practices and how consumers control or delete their data is not provided, consumer trust in the brand may decline, leading to reduced revenue.	Risk	Own Operations
	High-concurrency, cross-scenario, cross-ecosystem data processing may cause large-scale privacy infringements for consumers.	Negative Impact	Value Chain
	The privacy governance and global compliance capabilities built through the smartphone business share strong commonalities with the data governance foundations required by smart EVs and AI applications, thereby reducing duplicative infrastructure investment.	Opportunity	Own Operations
	Continuously evolving regional data privacy and security requirements may require adjustments to data-storage architecture, increasing operational costs.	Risk	Own Operations

1.1 Transformative Technology

As a core driver of the new wave of technological transformation, AI is connecting innovation capabilities with frontier domains at unprecedented depth, accelerating a historic leap from "functional" to "truly capable." In this process, Xiaomi continues to expand its strategic investment in AI foundational capabilities, with an expected investment of RMB16 billion in AI in 2026, driving AI further into the physical world.

1.1.1 AI Science and Derivative Technologies

Focusing on the large-scale use of general AI capabilities, Xiaomi has built an AI capability matrix of "foundation models + scenario-based derivative models", achieving the technological objective of general capabilities while enabling more precise scenario adaptation. At the same time, we deploy AI models through coordinated design with on-device computing power and chips, ensuring both consistency and R&D efficiency in the AI technology system while flexibly responding to personalized needs in different scenarios, thereby promoting the overall evolution of intelligence across models, platforms, and terminals.

Foundation Model

Our self-developed foundation model Xiaomi MiMo has completed the construction of a full-scenario intelligent capability during the year, integrating four core modules, including language, multimodality, speech, and embodied intelligence, and becoming the core engine of the intelligent foundation for Xiaomi's "Human × Car × Home".

In December 2025, the Xiaomi MiMo foundation model evolved into the V2 series, and we officially released the *Xiaomi MiMo-V2-Flash* as an upgraded version designed for real product scenarios and large-scale commercial application needs. The model achieves highly competitive inference cost efficiency and adopts a Mixture-of-Experts (MoE) architecture, with a total parameter size of 309 billion and 15 billion activated parameters. Through the innovative introduction of a hybrid attention architecture combined with multi-layer Multi-Token Prediction (MTP) inference acceleration technology optimization, the model ranks among the leading global open-source models in multiple Agent evaluation benchmarks. Its coding capability exceeds that of all open-source models released in the same month, while its inference cost is only about 2.5% of comparable closed-source models and inference speed has doubled. The launch of *Xiaomi MiMo-V2-Flash* helps lower the application threshold for advanced artificial intelligence capabilities and promotes the large-scale deployment of AI in consumer products and services, reflecting Xiaomi's focus on technological inclusiveness and long-term value in the development of AI capabilities.

In March 2026, we launched the upgraded *Xiaomi MiMo-V2-Pro* foundation model tailored for high-intensity agent workloads in real-world scenarios. Built on an innovative hybrid attention architecture and trillion-scale parameters, the model further enhances its capability to accomplish complex tasks.

Derivative Model Capabilities

Focusing on delivering the ultimate user experience, we build on the Xiaomi MiMo foundation model and achieve industry-leading breakthroughs in key areas such as language/audio understanding, multimodal perception, and visual/audio generation through scenario-based distillation and fine-tuning optimization. As of the end of 2025, our self-developed model capabilities have fully covered all scenarios across Xiaomi's "Human × Car × Home", forming a full-scenario AI capability with broad coverage and strong personalized adaptation, particularly reaching a globally leading level in real-world understanding.

Hear clearly: In August 2025, Xiaomi released the open-source MiDashengLM-7B model, which enables unified understanding of speech, environmental sounds, and music. Its recognition and semantic understanding capabilities in complex acoustic environments have reached an industry-leading level. On the day of release, the model achieved state-of-the-art (SOTA) performance in sound understanding across 22 public evaluation benchmarks for multimodal large models. In single-sample inference scenarios, the Time-To-First-Token (TTFT) latency is only one-quarter of that of advanced industry models released in the same period. Under the same GPU memory conditions, data throughput exceeds that of advanced industry models by more than 20 times.

See accurately: We have developed proprietary visual recognition algorithms that provide products with two core capabilities: real-time perception and deep understanding. At the real-time perception level, relying on self-developed on-device algorithms and 4K gimbal cameras, we enable high-precision real-time recognition of children and pets inside vehicles through technologies such as image detection, intelligent cropping, and vehicle window interference removal. In the future, the introduction of multimodal perception technologies will further overcome the field-of-view limitations of single cameras. At the deep understanding level, for devices such as AI smart glasses, we adopt an end-cloud collaborative verification strategy: a lightweight Region of Interest (ROI) model on the device side accurately identifies regions of interest with low computing power, and only the cropped key information is uploaded to the cloud; the cloud then invokes a hundred-billion-parameter multimodal large model for deep information understanding and response, thereby achieving a balance of "ultra-fast response + ultra-high accuracy" under hardware computing constraints.

In the Artificial Intelligence Generated Content (AIGC) field, Xiaomi's self-developed video generation model supports Xiaomi HyperOS 3, delivering an exceptional experience for dynamic wallpaper creation. The model performs strongly in high resolution, high stability, and low resource consumption. It supports generating 2K high-definition videos within minutes, significantly improving output efficiency. Through techniques such as feature caching and operator quantization, resource consumption is effectively controlled while balancing performance and energy efficiency. Combined with Xiaomi's proprietary optimization system and diffusion model distillation technology, the number of sampling steps is significantly reduced, enabling high stability in the generation process.

Based on the exploration of large model capabilities in real-world scenarios, Xiaomi continued to deepen frontier technology research in 2025. Throughout the year, 37 papers were published at leading international academic conferences including ACL, EMNLP, NeurIPS, ICCV, and Interspeech, covering key areas such as audio-visual understanding, generation, and intelligent agents. Among them, one paper received the ACL Highlight Award, and three papers have been cited more than 35 times, further demonstrating our scientific research strength and academic influence.

Embodied Intelligence

We believe that the development of embodied intelligence is critical to executing on our 2020–2030 goal of investing in foundational core technologies and becoming a global leader in the evolving realm of cutting-edge technologies. At the same time, we firmly believe that good robots should possess a unified “world model” along with corresponding understanding capabilities. Therefore, we are committed to advancing the development of cross-domain embodied foundation models.

In November 2025, Xiaomi launched Xiaomi MiMo-Embodied, a proprietary embodied foundation model and the first in the industry to integrate autonomous driving and embodied intelligence within a unified cross-domain architecture. Compared with traditional approaches, this model breaks through the R&D limitation of “one model per scenario.” Through cross-scenario transfer of underlying general perception and decision-making knowledge, it establishes a multi-task joint training framework, enabling bidirectional collaborative optimization between indoor interaction capabilities and road decision-making capabilities, improving model generalization while significantly reducing training costs.

Focusing on the robotics field, we further strengthened real-time execution capabilities based on the embodied foundation model and released the *Xiaomi-Robotics-0* in February 2026. The model contains 4.7 billion parameters and adopts a Mixture-of-Transformers (MoT) architecture, balancing general understanding with fine-grained control capabilities. It supports real-time inference on consumer-grade GPUs and achieved state-of-the-art (SOTA) performance across three major simulation benchmarks: LIBERO, CALVIN, and SimplerEnv.

At the same time, through three self-developed and self-operated smart factories, we have formed a difficult-to-replicate competitive advantage in real-world data accumulation. Leveraging continuous training on massive cross-scenario datasets, we will accelerate the development and deployment of embodied intelligence, while expanding its application scenarios from smart manufacturing to a wider range of fields.

1.1.2 AI Applications

AI is driving digital capabilities to evolve from “instruction-driven” to “perception-driven.” Under this trend, smartphones, smart EVs, and smart home appliances have become the most intensive carriers of integrated innovation and the most promising platforms for large-scale deployment. Xiaomi focuses on delivering seamless AI capabilities across its integrated device ecosystem, continuously advancing real-world perception, comprehension, and interaction. By delivering stable, consistent, and reliable user experiences across devices and scenarios, Xiaomi is committed to achieving its mission of “letting everyone in the world enjoy a better life through innovative technology.”

Personal Devices: Xiaomi HyperOS/Super XiaoAi

As AI capabilities increasingly extend toward users, Xiaomi has chosen to begin with the operating system and system-level AI entry points to enable stable deployment of intelligent capabilities in real usage scenarios.

- **Xiaomi HyperOS 3: AI Operating System Foundation for Personal Devices**

As an operating system designed for personal devices, the core value of Xiaomi HyperOS 3 lies in providing unified system-level integration that enables underlying data support for AI capabilities while ensuring a stable and smooth foundational user experience. On the one hand, by integrating multimodal signals, the system performs unified indexing and semantic modeling of multi-source data, establishing an OS-level memory engine. This transforms AI from isolated functional applications into a unified system-level capability base for perception and memory. On the other hand, through strong execution and orchestration capabilities, the system enables seamless collaboration in cross-device task flows and resource scheduling, embedding smooth and stable interaction experiences as inherent system characteristics.

Taking the AI photo album search function as an example, Xiaomi HyperOS 3 integrates large-scale image understanding models, person-recognition algorithms, and tagging algorithms to build a system-level visual memory engine. The system can accurately match users’ search intentions and achieves industry-leading performance across multiple scenarios, including single-keyword searches, two-keyword combination searches, and refined full-sentence searches. This capability transforms the photo album from a simple storage tool into an intelligent manager for image works and precious memories, providing users with a smarter and more efficient content management experience.

In terms of foundational experience optimization, Xiaomi HyperOS 3 focuses on high-frequency user scenarios and enhances responsiveness and visual fluidity through system-level optimization. Leveraging underlying technologies such as hotspot compilation acceleration and window rendering pipeline optimization, Xiaomi HyperOS 3 reduces CPU load by 4%, improves energy efficiency by 10%, lowers window animation frame drop rates by 18.9%, and reduces desktop icon rendering load by up to 60%². Meanwhile, targeted visual smoothness optimization has been applied to more than 100 usage scenarios, making interactions such as home screen scrolling, application startup, and multitasking switching smoother and more natural. This significantly reduces perceived lag and provides users with a more responsive and fluid visual experience.

² Test data is sourced from Xiaomi Laboratories. Comparisons were conducted on *Xiaomi 15* and *Xiaomi 15 Ultra* devices running Xiaomi HyperOS 3 and Xiaomi HyperOS 2, respectively. Results are averaged over multiple tests. Actual performance may vary slightly due to differences in testing conditions.

Xiaomi adheres to a user-driven and co-creation approach to continuous optimization. In 2025, Xiaomi HyperOS was released in a limited Beta program to 1.5 million + users. Through the collection and analysis of public feedback in user community, more than 30,000 user suggestions were consolidated, 384 Jira issues were resolved. The User Feedback Index (UFI) improved by 32.49% in 2025.

- **Super XiaoAi: System-Level AI Hub and Intelligent Ecosystem Entry Point**

In the Xiaomi HyperOS 3, Super XiaoAi has evolved from a traditional voice assistant into a key AI entry point at the user interaction layer and a central system-level capability scheduling hub. Its core objective is to leverage Xiaomi MiMo foundation model to make complex system operations intuitive, achieving an overall experience upgrade where “entry is easier and usage feels more natural.”

Cross-Device Collaboration Capabilities of Super XiaoAi

Direction	Description
Full-Scenario Coverage	Super XiaoAi operates across smartphones, EVs, smart speakers, TVs, smartwatches, and even the latest smart AI glasses, breaking down device silos and enabling services to flow seamlessly across terminals with continuous user experiences.
Car-Home Link	Through deep integration with the Mijia platform, Super XiaoAi allows users to control home devices via voice or automated scenarios while in the vehicle, and control vehicle functions from home — enabling “two-way interconnectivity between car and home” that significantly improves convenience and efficiency.
New Terminal Enablement	In the latest smart AI glasses scenario, Super XiaoAi demonstrates “reverse control” capabilities. The AI glasses are no longer only sensing devices but serve as portable control entry points for smartphones, remote vehicle control, and smart home control, truly freeing users’ hands and enabling “see and ask” interactions and intelligent cross-scenario connectivity.

Under the Xiaomi HyperOS 3 architecture, Super XiaoAi systematically reconstructs the interaction model between users and the system. The related features focus on reducing operational burden, shortening task paths, and lowering usage barriers, with the aim of continuously enhancing user experience in real-world usage scenarios.

Super XiaoAi Feature Enhancement: Examples of Interaction Experience Transformation³

Application Scenario	Core Application/ Capability	Application Description (Summary)	Key Results and Metrics
Smartphone system operations	One-Step Reach	Based on end-to-end multimodal large models and reinforcement learning, users can complete complex operations within third-party applications (such as search or function invocation) through natural language command. Tasks can be completed without opening the application, significantly reducing multi-step clicks and page transitions.	Covers 79 apps, 3,000+ functions, with a feature fulfillment rate of 82.3%
Screen information retrieval	Circle to Search	Through an intuitive “see and circle” interaction, a pre-recognition large model understands screen content and triggers related actions. Users can complete information queries and function calls through voice references, reducing usage barriers through high fault-tolerance interaction.	Supports 30+ usage scenarios
Intelligent system guidance	Super XiaoAi Suggestion Bubble	Based on screen content recognition and user behavior analysis, the system proactively recommends relevant features or Q&A at appropriate moments, assisting users to complete tasks efficiently and shifting the experience from “users searching for services” to “services finding users.”	—
Content creation and companionship	Flexible Photo Editing and Generative Creation	Allows users to edit and optimize images through natural language commands. Combined with generative AI agents providing emotional companionship, AI’s care and companionship value can be extended in specific scenarios.	—

Centered on the continuous evolution of Super XiaoAi, Xiaomi has established a comprehensive user feedback and optimization closed-loop mechanism, taking “listening to users” as a core driver for the maturity of system-level AI capabilities — spanning from multi-channel user feedback collection to dedicated operations teams for follow-up and resolution, forming a positive cycle from issue identification to continuous improvement.

During the year, we further introduced an “ideal-state evaluation” mechanism, shifting operational logic from “passive fixes” to “proactive definition.” From the user perspective, this mechanism translates experience pain points into quantifiable R&D indicators (such as hallucination rate, response latency, and user satisfaction). Through A/B testing and continuous monitoring, it drives proactive optimization of model performance. This practice ensures that Super XiaoAi remains stable, controllable, and continuously evolving in large-scale deployment.

³ To access these features, users need to upgrade their device to Xiaomi HyperOS 3 and update the “Super XiaoAi” app to version V7.8.50 or above.

Mobility Devices: Assisted Driving (XLA)

In the field of assisted driving, Xiaomi adheres to a safety-first principle while focusing on real-world user experience, continuously promoting the stable deployment of AI capabilities in complex road environments. In 2025, Xiaomi completed three key version iterations around end-to-end assisted driving capabilities, marking continuous progress in both system understanding depth and driving experience.

February 2025	July 2025	November 2025
Xiaomi HAD end-to-end assisted driving capability was fully deployed, covering the complete assisted driving process from the starting point to the destination parking area.	The system was upgraded to the "10 million Clips" version, with continuous optimization in acceleration and deceleration smoothness, detour decision flexibility, and intersection passage efficiency, further aligning with real driving habits.	The Xiaomi HAD Enhanced Version was officially launched, introducing a "reinforcement learning + world model" training framework for the first time. This enables the system to repeatedly explore and self-optimize in virtual environments, advancing from "driving correctly" to "driving more like a human."

We regard 2025 as a pivotal milestone in the transition of assisted driving from "data-driven" to "cognition-driven." Building on this shift, Xiaomi restructured the traditional Vision-Language-Action (VLA) model architecture and introduced the Xiaomi X Language Action (XLA) Cognitive Large Model, designed to incorporate more modalities, achieve higher efficiency, and ensure greater controllability.

To enhance cognitive capabilities, XLA introduces additional multimodal information inputs, enabling the assisted driving system to perceive its environment in a manner closer to human cognition. The system can natively integrate multi-source information, including camera vision data, LiDAR point clouds, millimeter-wave radar data, Controller Area Network (CAN) bus status, and audio signals, thereby constructing a more comprehensive environmental perception system. In particular, the introduction of audio perception enables the system to recognize key signals such as sirens and vehicle horns, further expanding its understanding of road environments.

In terms of reasoning capabilities, XLA integrates the general knowledge accumulation, spatial perception, and spatial reasoning capabilities of the Xiaomi MiMo-Embodied foundation model. At the same time, it adopts a Latent Chain-of-Thought reasoning mechanism, enabling the large model to conduct multi-step logical reasoning within latent space and directly output executable behavioral instructions rather than generating intermediate language outputs. This approach not only improves reasoning efficiency but also effectively controls system latency, ensuring that assisted driving maintains stable and predictable behavioral performance even in complex scenarios.

Through the continuous evolution of multimodal perception combined with world models, XLA demonstrates forward-looking reasoning capabilities that surpass traditional solutions. The assisted driving system can proactively interpret potential risks within complex traffic environments and execute human-like deceleration or detour decisions.

Home Devices: Xiaomi Miloco Open-Source Solution

We believe that the deep integration of AI with the physical world represents the next stage of intelligent technology development. Based on this view, in November 2025, Xiaomi released the smart home exploration solution *Xiaomi Miloco* (*Xiaomi Local Copilot*), pioneering the exploration of a whole-home intelligent lifestyle driven by large models and inviting developers worldwide to participate in technology co-creation through an open-source approach.

The core breakthrough of *Xiaomi Miloco* lies in pioneering a new paradigm for smart device development — Agentic intelligent services — enabling a transformative shift from traditional “IF-THEN rule-driven” logic to Agent-based understanding and autonomous decision-making. At the same time, with its support for natural language interaction, Miloco enables more complex and creative orchestration across smart devices. For example, when a user says, “When I am reading, turn on the desk lamp and play soothing music,” the system can accurately recognize the reading activity and automatically coordinate multiple devices to complete a series of actions, making interactions more natural and seamless.

The intelligent experience of *Xiaomi Miloco* is built upon *Xiaomi MiMo-Omni* multimodal home perception technology. This capability enables Agents to comprehensively perceive dynamic changes within the home environment. By integrating vision, audio, and text into a unified model, and combining it with a hierarchical perception architecture, the system effectively balances operational efficiency and intelligence accuracy. As a result, Agents are able to truly “see clearly, hear clearly, and understand” every detail within the home.

Xiaomi Miloco’s three-tier memory system enables it to truly “understand both the home and people,” delivering proactive intelligence that goes beyond traditional paradigms. Long-term memory captures and accumulates user habits and preferences, interaction memory retains dialogue and operational traces, and perception memory monitors real-time dynamics within the home. Working in coordination, these three layers enable precise and context-aware responses. This breakthrough allows smart home systems to move beyond passive command-based interactions, achieving proactive perception and accurate understanding of user behavior and needs, and ushering in a new generation of intelligent interaction.

Given the high sensitivity of privacy and security in home environments, *Xiaomi Miloco* adopts a cloud-edge integrated architecture. All visual data can be processed and inferred locally within the home environment and is not transmitted to external servers, thereby reducing the risk of data leakage at the architectural level.

1.1.3 AI-Enabled Organizational Efficiency

Xiaomi is committed to building a long-term, engineering-oriented innovation environment and steadily advancing the emergence of transformative technologies. Leveraging high-quality data, model systems, and reusable hardware and software platforms and toolchains, we enable AI capabilities to be developed, validated, and transferred across multiple business processes, including R&D, manufacturing, and supply chain operations. At the same time, to support cross-disciplinary and cross-industry ecosystem collaboration, we have established unified engineering standards and infrastructure to ensure long-term evolution and scalable delivery. Ultimately, this enables the operational capabilities of smartphones, smart EVs, and smart home appliances to iterate collaboratively and be efficiently reused under a unified mechanism.

Xiaomi Hyper Intelligent Manufacturing Platform

On the manufacturing side, we continue to build a new-generation benchmark for smart factories with our self-developed *Xiaomi Hyper Intelligent Manufacturing Platform* at its core. In 2025, we further enhanced the platform's capabilities around the goals of multi-category production, high efficiency, and low cost, establishing a replicable manufacturing methodology.

In terms of manufacturing capability improvement, the Xiaomi Smart Factory serves as a pilot base for efficiency breakthroughs. By benchmarking surface-mount equipment and integrating smartphone product characteristics and process requirements, we identified three key directions for self-developed equipment: modularization, flexibility, and intelligence. During the Reporting Period, we completed technological upgrades and validation across three major production stages — board testing, assembly, and final testing. Based on actual production data, the first-pass yield rate of production lines improved by 7.4% compared with pre-upgrade levels, and single-line output per hour (UPH) reached 650 units.

In improving solution compatibility, we continued to develop manufacturing equipment capable of supporting multiple product categories, facilitating the promotion of Xiaomi's manufacturing system across the value chain. In 2025, we developed industry-leading equipment including screen AOI equipment, coaxial cable assembly equipment, and automated air-conditioner radiator production lines. These solutions have gained industry recognition and have been deployed to multiple Xiaomi supply chain partners.

At the end of 2025, Xiaomi's third self-owned factory — the Xiaomi Smart Home Appliances Factory — had commenced operations, and the cross-category application of the *Xiaomi Hyper Intelligent Manufacturing Platform* had been successfully validated. The overall platform demonstrates system characteristics including data connectivity, algorithm empowerment, dynamic sensing, and forward-shifted decision-making. Manufacturing decisions therefore no longer rely on post-event statistics or manual experience but are completed proactively during production processes. Through three core applications, the platform establishes a comprehensive system for digitalized and intelligent factory operations:

- MDM (Manufacturing Operations Management System) — Covers the entire factory business process and serves as the foundational application for manufacturing management. It unifies production planning, execution, and monitoring to ensure operational stability and effective resource allocation.
- iDI (Industrial Data Intelligence System) — A data-driven system empowering employees into the decision framework, assisting frontline staff and management in making scientific decisions and management choices while reducing uncertainties caused by subjective judgment.
- iAgents (Industrial Agents) — Built in the form of AI Agents, these applications support intelligent scenarios across quality management, equipment management, logistics, and other areas, enabling algorithm capabilities to directly participate in production and management processes.

The Xiaomi Smart Home Appliances Factory has achieved full 5G network coverage, providing the foundation for high-frequency, high-density data collection and real-time transmission. Supported by the *Xiaomi Hyper Intelligent Manufacturing Platform*, the factory has deployed 120,000 data collection points. At full production capacity, the system generates approximately 900 million data records per day, representing a 10,000-fold increase in data scale compared with traditional manufacturing factories.

Through unified aggregation and governance of equipment, production line, and system data, the platform transforms fragmented data resources into analyzable, model-ready, and decision-supporting production factors. This continuous data input supports algorithm training and intelligent decision-making, enabling the factory to evolve toward a data-driven smart manufacturing model.

At the production execution level, the *Xiaomi Hyper Intelligent Manufacturing Platform* works in close coordination with automated hardware to deliver measurable improvements in efficiency and quality. In production line transfer processes, Xiaomi independently developed and deployed the home appliance industry's only magnetic levitation transfer line, which operates at five times the speed of traditional mechanical transfer lines under unified platform control and enables precise instant stops for products, supporting high-throughput and high-consistency production.

In quality inspection, the platform combines high-definition vision capture with AI visual inspection system covering eight scenarios and 25 inspection items, achieving 100% AI-based inspection of critical components and replacing traditional sampling inspection methods. In terms of overall production efficiency, the Xiaomi Smart Home Appliances Factory can produce one air conditioner every 6.5 seconds, reaching a leading level within the industry. For process quality control, the platform collects and monitors 17 key parameters in real time, including thermal grease thickness and screw torque, enabling full-process monitoring and traceability. As a result, 100% of finished products meet quality standards, with first-pass yield exceeding 99.8%.

To promote the intelligent upgrade of the entire supply chain, Xiaomi is gradually introducing the *Xiaomi Hyper Intelligent Manufacturing Platform* into our supplier factories. In May 2025, a refrigerator third-party contract manufacturer successfully deployed the platform, enabling real-time visibility of 30 core control points in the final assembly workshop, including quality, delivery, and efficiency metrics, as well as intelligent decision-making for abnormal events. The results have been significant: As of December 2025, the factory's first-pass defect rate had declined by 40%, while hourly unit output increased by 19%. This practice has validated the platform's replicability and improved value across factories.

AI Tools for Efficiency Improvement

We position artificial intelligence as a core driver of organizational efficiency and business innovation. This strategy promotes intelligent transformation across the entire R&D and operational value chain. Internally, AI has evolved from technical exploration to large-scale deployment, forming a three-pillar implementation pathway: “tool empowerment + process restructuring + capability accumulation.”

	Tool Empowerment	Process Restructuring	Capability Accumulation
R&D	<p>AI Coding Assistant Continue & Vim-AI: Provides intelligent code completion and coding suggestions for all software engineers during development, improving coding efficiency.</p> <p>Performance Analysis Agent: Automatically analyzes performance differences based on competing product performance data and codebase scanning, and attributes issues to specific code or scheduling layers.</p> <p>FAP AI Coding Tools: Used for floating-point to fixed-point conversion in multimedia algorithms; CUDA-accelerated simulation for ISP algorithms; improved NPU MiDA development efficiency, reducing development time by more than four times; and automated review of DV constraint code and documentation, achieving a 100% error interception recall rate.</p>	<p>AI Code Review: Integrated with the Gerrit code submission workflow to automatically perform coding standard checks and generate review comments. With an effective review rate of 85%, improving code quality and R&D process efficiency.</p> <p>AI Log Analysis: Automatically identifies the responsible component for product testing error logs with 100% accuracy. Processes more than 8,000 logs per month, improving problem location efficiency by over 95%.</p> <p>FAP AI PQ Tool: Enables automated image quality scoring, replacing manual subjective evaluation to improve consistency and iteration efficiency. Also supports automated checks for preview consistency between software and hardware, achieving a 90% inspection effectiveness rate.</p>	<p>AI Dialogue Assistant Xchat: Enables R&D personnel to quickly search technical documentation, code logic, and historical solutions within internal systems, improving knowledge retrieval efficiency.</p> <p>AI Code Summarization: Automatically generates functional descriptions and impact analysis reports after code submission, achieving a 100% usability rate.</p> <p>GitLab Code Repository Analysis: Intelligently identifies risks such as technical debt, duplicate code, and dependency confusion in code repositories, improving code quality and review efficiency.</p> <p>AI Power Consumption Analysis: Automatically identifies root causes of abnormal power consumption based on power data, replacing manual step-by-step troubleshooting.</p>

	Tool Empowerment	Process Restructuring	Capability Accumulation
Operations	AI Pre-Review for Document Evaluation: Automatically checks the compliance of delivery documents and identifies defects in advance, reducing the initial review workload for senior engineers.	AI Confidentiality Monitoring for Message Circulation: In confidential R&D environments, AI systems intercept sensitive content and conduct compliance checks on outbound messages to ensure data security. During the year, the system supported the secure and compliant circulation of more than 1 million messages.	Team Knowledge Management: Leveraging the self-developed Mify intelligent robot platform, Xiaomi enables zero-code deployment and automatic document synchronization, allowing teams to quickly build interactive knowledge-base assistants tailored to business needs.

1.1.4 Technology Culture

We consistently uphold an engineer-centric culture, continuously advancing our technical culture through systematic event design and supporting mechanisms. This provides engineers with a stable, open environment for technical exploration, ensuring innovation evolves along clear pathways beyond mere flashes of inspiration.

In 2025, we upgraded our internal diverse technical communication community — Tech Circle — through a three-pronged approach: content, activities, and tools. Content-wise, we launched the Tech Circle AI Morning Brief, Engineer Dialogue Room, Hot Topics, Industry Reports, and Featured Columns. For events, Tech Circle serves as the group’s activity and competition announcement and registration platform. Tool-wise, it provides various AI tools to support employees’ daily work. We are committed to building a platform for engineers and all Xiaomi employees passionate about technology to exchange ideas, collaborate, innovate, and grow, continuously fostering a rich technical culture.

Simultaneously, we have established a year-round, Group-wide technical culture activity system. Through a multi-layered “Inspire-Practice-Transform” design, we lower exploration barriers and extend innovation cycles, striving to create a technical mecca coveted by engineers worldwide. In 2025, related activities encompassed hackathons, AI competitions, Xiaomi Ten Million Dollar Technology Award, and more, reaching over 60,000 participants.

Case Study: Showcasing Engineer-Driven Systematic Innovation Through the “Xiaomi Technology Awards”

As Xiaomi’s highest technical honor, the “Xiaomi Technology Awards” offer a total prize of more than ten million yuan. Since its establishment in 2019, it has consistently encouraged and generously rewarded engineering teams dedicated to long-term, deep cultivation of critical technologies and achieving systemic breakthroughs. It not only affirms technical achievements but also conveys a clear value orientation — continuously reinforcing long-termism, engineering depth, and hardcore innovation within the organization. During the year, 154 projects from 10 major departments across the Group competed for the award, spanning critical domains including chips, operating systems, artificial intelligence, materials, smart manufacturing, and automotive electronics. This comprehensively showcases our phased achievements in foundational technologies and engineering capabilities.

Case Study: From Selection to Incubation: Extending the Lifecycle of Technological Exploration

To help outstanding ideas break free from the constraints of competition cycles and evolve from “out-of-the-box” technical concepts into verifiable, scalable product exploration paths, we further leverage the Innovation Incubation Fund to provide sustained support for projects with growth potential. Notably, the Hackathon introduced the “Golden Idea Award” with a 500,000 RMB incubation fund. This initiative aims to provide engineers with tangible conditions to advance their technical innovations and validate their application value through clear evaluation criteria and resource support.

Case Study: Driving the Leap from AI Adoption to Innovation Through the “AI Competition”

In 2025, we continued to promote the AI Competition across the group, engaging over 5,000 participants. Through a tiered competition system and year-round training support, we empowered employees of varying skill levels to systematically learn and apply AI. Focusing on key areas like Prompt Engineering, Agent Systems, and Retrieval-Augmented Generation (RAG), the competitions employ a closed-loop design of “training-practice-feedback.” This approach enables non-technical employees to start from scratch, gain hands-on experience through scenario-based tasks, and progressively evolve from tool usage to business innovation. This effectively drives organizational intelligence enhancement and the practical implementation of technological achievements.

We believe that sustained technological innovation stems not only from short-term bursts of creativity but also from a fertile ground for long-term growth. To this end, since 2021, we have launched the “Young Engineer” program for five consecutive years. Targeting young technical talents across R&D, product development, quality assurance, and other departments, this initiative has established a comprehensive support system encompassing long-term incentives, public recognition, face-to-face exchanges with senior executives, and talent recruitment partnerships with universities. By the end of the Reporting Period, 5,017 young engineers had been selected for the program. Over 1,300 of them have grown into mid-level management roles, while more than 530 now lead their own teams. Through hands-on experience and collaborative knowledge transfer, they continue to fuel technological innovation.

At the same time, we regard “Technology for Good, Technology for All” as a core tenet of our technical culture. Guided by this principle, we launched the “Universal Inclusive Proposal Initiative”. This initiative aims to establish a long-term co-creation platform to systematically collect diverse user needs — including those of individuals with disabilities and the elderly — transforming user voices into drivers for product and technological innovation, and continuously advancing the building of equitable and inclusive digital experiences. In 2025, centered on the theme of “Accessibility,” the initiative gathered 242 valid proposals covering needs across various scenarios including the visually impaired, hearing impaired, physically disabled, and elderly, spanning multiple business domains including smartphones, AI, and smart home solutions. After proposal consolidation, representative needs were directly communicated to relevant departments. Innovative concepts emerging from offline co-creation workshops, such as adding visual vibration feedback to devices and enabling voice-activated door locks, have been incorporated into business teams’ product design as innovation directions.

1.1.5 Responsible AI

The distinction between “trustworthy” and “untrustworthy” AI may seem clear-cut, yet in practice, advancing trustworthy AI often involves complex trade-offs — such as balancing algorithmic “explainability” with “robustness.” Drawing from this insight, we reference the EU’s Ethical Guidelines for Trustworthy Artificial Intelligence to propose the “Trustworthy AI” concept. We continuously refine its principles to navigate uncertainties arising from evolving global AI regulatory landscapes, ensuring our AI models remain fair, inclusive, and trustworthy.

We advance trustworthy AI governance practices across three dimensions: privacy, ethics, and security:

- Privacy design emphasizes the principle of data processing necessity and transparency with controllability;
- Ethical design emphasizes value embedding and careful consideration of societal impacts;
- Security design focuses on the safety and reliability of system operations.

Institutionally, Xiaomi Corporation’s Information Security and Privacy Committee spearheaded the development and implementation of documents such as the “Xiaomi Corporation Generative AI Service Management System” and the “Xiaomi Corporation AI Overseas Compliance Assessment Guidelines,” establishing clear standards for the compliance management of generative AI-related products and services. During the year, we further updated and released the “Xiaomi Corporation AI Large Model Application Security Development and Deployment Specifications” and the “Xiaomi Corporation Large Model Training Data Security Management Specifications”, strengthening security and compliance management for generative AI applications throughout the entire process from R&D, training, and deployment to operations. In advancing AI technology application and innovation, we have progressively established a comprehensive management system based on these regulations. This system encompasses generative AI user agreements, AI application review guidelines, and commonly used templates to support compliance practices across multiple business scenarios.

To implement the concept of Trustworthy AI, we have expanded traditional privacy impact assessments to include dual dimensions of algorithmic and ethical evaluation, establishing a phased assessment mechanism: First, conducting privacy impact assessments on product proposals, followed by systematic reviews of potential ethical risks in algorithm training, data sources, and operational mechanisms. If uncontrollable ethical flaws are identified, the relevant product will be deemed to pose unacceptable risks and will not proceed. By the end of the Reporting Period, this mechanism has supported the Group’s large-model open-source initiatives, compliance review and safety assessment for hundreds of AI applications, and provided support for compliance and safety testing related to AI infrastructure and emerging forms of AI hardware.

Looking ahead, Xiaomi will uphold the governance philosophy of trustworthy AI, maintaining a prudent balance between encouraging technological innovation and mitigating potential risks. Through institutional development and continuous evaluation, we will drive the steady advancement of artificial intelligence under the principles of safety, compliance, and sustainability, enabling more users to experience the value of AI technology in a reliable environment.

1.2 Data Security and Privacy Protection

Starting from four dimensions — security, privacy, compliance, and transparency — Xiaomi is committed to building trustworthy products and services. We uphold a user-centric approach by embedding privacy protection and security capabilities into every stage of product design, development, and operations. Throughout technological innovation and business expansion, we consistently prioritize users' rights to be informed, their right to choose, and the security of their personal data.

We strictly adhere to global privacy frameworks, data protection laws and regulations, ISO international standards, and regional industry guidelines. Benchmarking global regulations and leading industry practices, Xiaomi Corporation has established a comprehensive management system, rigorous policies, and efficient processes to safeguard data across its full lifecycle — from collection, transmission, storage, and processing to sharing and destruction. Our multi-layered safeguards include: data minimization and independent authorization for sensitive permissions at the collection stage; end-to-end encryption and post-quantum security solutions during transmission; data localization and anonymization during storage; risk assessments and penetration testing during processing; transparent authorization and strict Data Processing Addendum (DPA) controls during data sharing; and robust mechanisms to protect users' rights over their data at the destruction stage. These measures form a high-standard ecosystem-wide security foundation that upholds our commitment to user safety.

Our privacy protection capabilities and practices have been validated through authoritative industry certifications and assessments, including ISO 27001 Information Security Management Systems certification covering 100% of our technical operation facilities, ISO 27701 Privacy Information Management Systems certification, and the Data Security Management certification issued by the China Cybersecurity Review Technology and Certification Center (CCRC).

For detailed information on Xiaomi's data security and privacy protection governance, practices, reports, and policy documents, please refer to:

<https://trust.mi.com/>
<https://privacy.miui.com/en>

1.2.1 Governance and Accountability

The Board of Directors of Xiaomi Corporation holds the highest responsibility for data security and privacy protection and has established a governance structure that integrates top-level design, centralized support, and business-level execution.

Organizational Structure and Responsibilities

The Board of Directors assumes ultimate responsibility for data security and privacy protection. To strengthen coordination across the Group, Xiaomi has established a Data Security and Privacy Committee spanning all business units. Authorized by the Board, the committee is responsible for establishing, maintaining, and continuously improving the management system; formulating annual strategic plans and OKR⁴; overseeing daily governance; improving the Group's data security and privacy management processes; conducting internal audits of performance and risk management; and reporting regularly to the Board to ensure the security of the Group's operations, products, and data.

4 Objectives and Key Results, a framework for goal management.

In line with the “three lines of defense” principle, we have built a robust governance framework for data security and privacy risks with clearly defined responsibilities across levels:

- First line of defense: Business units implement day-to-day management and risk controls through their data security and privacy working groups.
- Second line of defense: Governance and supervisory bodies — including the Security and Privacy Committee and the Group Quality Committee — oversee and guide compliance.
- Third line of defense: Independent internal control and audit departments evaluate and review the effectiveness of the overall risk governance system.

To ensure efficient operation of the three lines of defense, we have established a standardized communication mechanism comprising “three layers of regular meetings plus project management.” The monthly Security and Privacy Committee meeting aligns major updates, key incidents, regulatory developments, and performance indicators. The committee office holds bi-weekly meetings to coordinate key decisions and resource allocation. Business unit working groups conduct monthly meetings to implement specific requirements and track progress. Guided by annual planning and the OKR framework, we provide semi-annual updates to the committee chair and management level to consolidate outcomes, refine improvement pathways, and continuously enhance the standardization and effectiveness of data security and privacy management.

In 2025, the Security and Privacy Committee focused on enhancing the maturity of Xiaomi’s data security management system. Through key initiatives — such as strengthening baseline safeguards, deepening compliance capabilities, and continuously empowering business units — we advanced security capacity building across multiple scenarios, including office operations, manufacturing, data security, cloud and infrastructure, product security, and automotive security.

Enhancing the Institutional Framework

We publicly disclose the Xiaomi Privacy Policy, which applies to all business, products, and services of Xiaomi Corporation and its affiliates.⁵

To proactively align with evolving regulatory requirements and the Group’s high-quality business development, we undertook a systematic upgrade of our data security and privacy protection management framework, strengthening compliance controls and risk management effectiveness. In risk and process management, we updated the Risk Assessment Management Procedure for Data Security and Privacy, further refining the identification, assessment, and mitigation processes. To enhance clarity in roles and responsibilities, we also updated a series of internal policies and procedures, including the Management Review Procedure for Data Security and Privacy, Internal Audit Procedure, and Office Terminal Security Management Procedure, reinforcing organizational coordination, process oversight, and continual improvement.

⁵ Some Xiaomi products or services may maintain individual privacy policies due to differences in data collection practices. In such cases, the privacy policy provided within the specific product or service shall prevail.

In addition, to further enhance data security management and our classification-and-grading system, we completed the bilingual revision of the Xiaomi Data Classification and Grading Policy, the Xiaomi Data Security Management Policy, and the Information Asset Management Procedure, ensuring standardized, transparent, and controllable management throughout the entire data lifecycle.

1.2.2 Management Strategy

During the year, our data security management followed an overall direction of deep business integration, technology-driven innovation, and system-wide coordinated evolution. We strengthened capabilities across four core domains: product security, data security, office and manufacturing security, and cloud security.

Product Privacy Security

To support the expansion of the “Human × Car × Home” strategy, Xiaomi established a cross-category security and privacy working group to oversee strategies, standards, and forward-looking research for smartphones, EVs, and IoT products. During the year, we released the Xiaomi Consumer IoT Security Baseline 6.0, fully aligned with the latest domestic and international regulatory requirements to support global compliance. In product security capacity building, Xiaomi HyperOS must pass rigorous security testing and acceptance before launch, significantly improving vulnerability identification and remediation. IoT security test items were continuously iterated to align with the latest baseline and to enhance automation maturity. In EV security, we added in-car system security and privacy testing capabilities and deployed an automated laboratory testing platform, strengthening our ability to identify cross-device risks.

Case Study: “Shift-Left Security” Architecture

In response to the era of ubiquitous connectivity, we actively implement a Shift-Left Security architecture, anticipating the deep convergence of “Human × Car × Home” scenarios. This approach moves the security focus from post-incident remediation to early-stage design and development, fully integrating security considerations into the entire product lifecycle. During the Reporting Period, every new product and service was required to undergo standardized safety verification reviews prior to launch to ensure privacy and security were upheld from the outset.

In 2025, Xiaomi’s Shift-Left Security for the “Human × Car × Home” project received the Silver Award in the Mobile Internet (APP) Security Excellence category at the Digital China Innovation Contest.

Data Security

To strengthen the protection of users' personal data, we advanced application-layer governance into core business scenarios including sales and service, building a full-chain risk identification and governance framework for critical data to achieve granular management of data access, potential misuse, and leakage risks across office and business environments. In data security governance, we deployed general-purpose desensitization, watermarking, and other technologies in additional business scenarios, significantly enhancing the identification, protection, and traceability of semi-structured sensitive data.

Principles for Cross-Device Data Flows

As multi-device intelligence and AI technologies evolve rapidly, cross-device collaboration requires necessary data exchanges between devices and between devices and the cloud. Accordingly, data management is shifting from centralized aggregation toward "minimizing data movement, prioritizing on-device processing, and reducing exposure risks in cross-device transfers through privacy-enhancing technologies and secure architectures." Based on this approach, Xiaomi follows the principles below:

Principle 1: Authorization First

Definition: Any cross-device connection, such as smartphone-to-vehicle projection or device interconnection, must obtain explicit user consent. Silent connections⁶ are strictly prohibited.

Principle 2: End-to-End & No Trace

Definition: Data transmitted between devices is used and released immediately, with no logging or retention at intermediary points (cloud or backend).

Principle 3: Consistent Protection

Definition: Security requirements remain consistent regardless of whether data flows from a smartphone to a vehicle or from a high-frequency to a low-frequency device. All scenarios follow the same protection standards.

Principle 4: Secure Link

Definition: Encrypted channels must be used for any cross-device or cross-organization data transfer to prevent interception during transmission.

⁶ Refer to the automatic background transfer of data across devices without explicit user consent, a permission pop-up, or any conspicuous notification.

Office and Manufacturing Privacy Security

We continued strengthening integrated security governance across manufacturing systems and office environments. By establishing cross-departmental security working groups and implementing monthly review and milestone-tracking mechanisms in production and factory operations, we broke down traditional management silos and ensured consistent deployment of security measures across frontline business units. Enhanced onboarding training, refreshed "Security and Privacy Awareness Month" materials, ongoing phishing simulations, and expanded technical training for security teams collectively improved organizational security awareness and practical response capabilities. We strengthened key frameworks such as factory information technology (IT) and operational technology (OT) security, outsourced-vendor risk management SOPs, and terminal security baselines. On the technical side, we advanced office network segmentation, enhanced advanced threat detection and abnormal network behavior governance, and upgraded endpoint detection and response capabilities. These measures enabled automated incident response and coordinated mitigation, significantly improving our overall proactive defense capacity.

Cloud Security

In the cloud environment, Xiaomi further strengthened its Shift-Left Security culture by embedding security requirements deeply into product development and operations, enhancing cross-team collaboration efficiency, and forming a systematic cloud security governance model. On the technical front, we continued to strengthen core cloud security systems, including User and Entity Behavior Analytics (UEBA), the Xiaomi Data Security Management Platform (MIDSP), container image security scanning, and the Xiaomi Security Operations Center (MISOC). These capabilities enable broad security coverage for cloud resources and 24/7 risk monitoring and response. Through multiple rounds of red-blue team exercises and specialized live-fire drills, Xiaomi significantly enhanced offensive and defensive cloud security capabilities, reinforced intrusion detection and protection mechanisms, and improved the operational teams' overall security awareness and readiness.

1.2.3 Foundational Security Protections

Xiaomi HyperOS serves as the foundation of trust across Xiaomi's entire ecosystem. Its cross-device security subsystem provides a unified security base for its "Human × Car × Home" ecosystem. As the core engine of the ecosystem, Xiaomi HyperOS is designed to safeguard user privacy and digital assets, carrying the responsibility of ensuring security across the full ecosystem. Leveraging its shared architecture, full-domain connectivity, and self-developed secure kernel, Xiaomi HyperOS establishes a trusted security framework that spans all devices and use cases. Through unified technical standards, it enables safer cross-device connections, more transparent permission management, and more controllable data flows across smartphones, smart EVs and IoT devices.

Hardware-Level Root of Trust: The Self-Developed MiTEE System

To reinforce on-device security foundations and protect users' core privacy and digital assets, we invested deeply in security systems, self-developing the MiTEE secure operating system, which has obtained China's first and highest-level EAL5+ certification issued by China Cybersecurity Review Certification and Data Administration Center (CCRC). MiTEE operates within an isolated environment separate from the main system, ensuring that core assets — such as facial templates, payment credentials, account tokens, and vehicle digital keys — never leave the device or travel beyond the endpoint. For highly sensitive biometric data such as facial templates, Xiaomi employs end-to-end encryption mechanisms. Facial data is encrypted at rest, and only system-level facial authentication services within the TEE environment may decrypt it using stored keys. External components receive only authentication results, significantly reducing the risk of data leakage or unauthorized access and ensuring user privacy data is safeguarded by hardcore technology.

Forward-Looking Protection for Communication Channels

To strengthen advanced data protection for cloud services, Xiaomi has proactively invested in post-quantum cryptography research and deployment. Our engineering teams integrated the Kyber-768 post-quantum encryption algorithm into Xiaomi's end-to-end encryption protocol, using hybrid key encryption channels to secure MasterKey distribution. This approach breaks free from traditional reliance on large integer factorization and discrete logarithm problems, effectively mitigating future quantum computing attack risks. It ensures long-term algorithmic robustness in the quantum era, demonstrating Xiaomi's strong technical capabilities in security innovation.

Systematic AI Security and Privacy Framework

We established a full-lifecycle behavioral tiered-control framework for AI Agents. S3 high-risk behaviors — those related to property or personal safety — are strictly restricted, while S2 privacy-related actions are subject to fine-grained permission controls with real-time execution transparency for key operations. Supported by trusted execution environments across device and cloud, users' data remains protected within confidential computing environments throughout use. This ensures users retain full autonomy and decision-making power over their personal data when interacting with AI services, anchored in both permission governance and secure technical foundations.

1.2.4 All-Scenario Practices

As the Group advances its "Human × Car × Home" strategy, user data now flows rapidly across smartphones, EVs, IoT and other devices. This creates new boundary challenges for traditional data compliance principles in cross-device collaboration scenarios. To address this, Xiaomi established the "Human × Car × Home" Security Working Group to coordinate forward-looking security research for smartphones, EVs, and IoT products.

In 2025, Xiaomi embedded security governance deeply into business processes — spanning on-device privacy protection capability building, cross-device compliance framework development, industry standards research, and end-to-end risk governance. With a user-centric approach, the Group advanced a comprehensive upgrade of the Mijia's privacy compliance management system.

Mobile Devices: Simplified Controls and Co-Creation

To address industry-wide challenges in mobile permission management, such as coarse authorization granularity and excessive data access by apps after permission is granted, Xiaomi continues to strengthen mobile privacy protection capabilities, ensuring both stronger privacy safeguards and better usability across user groups. We introduced an innovative Secure Access Control Panel, shifting permission management from broad, category-level authorization to fine-grained, item-level authorization. Users can now select specific data items to grant access, reducing excessive data access risks at the source and returning full control of data permissions to users. In addition, for minors, Xiaomi provides comprehensive management capabilities — from on-device controls to remote oversight — including content protection such as URL/risky SMS filtering.

Smart EVs: Advancing Physical-Level Security

Given the high security and privacy requirements of smart EV scenarios, Xiaomi continued to enhance in-vehicle security, delivering a physical-level sense of safety and trust. From *Xiaomi SU7 Series* to *Xiaomi YU7 Series*, Xiaomi EVs achieved a major evolution in key management, from “shared keys across multiple vehicles” to fully implementing one-vehicle-one-key. Core functions such as vehicle-cloud communication, CarIoT device authentication, and MCU diagnostic keys now feature independent per-vehicle key generation, encrypted storage, and revocation management. Building on this foundation, Xiaomi introduced an upgraded “Super Privacy Mode”, enabling one-click shutdown of all interior and exterior cameras, microphones, LiDAR, and location sensors, providing a robust in-vehicle privacy protection shield. In-vehicle FaceID complies with the principles of “no cloud upload, no cabin exit, and separate authorization.” Users may enable facial authentication at any time and independently delete facial data.

Smart Living: Ecosystem Synergy and IoT Security

To address challenges arising from complex multi-device data flows, Xiaomi developed a systematic compliance capability across the entire ecosystem — covering on-device privacy protection, cross-device regulatory compliance, industry standards research, and full-process risk management — to build a data compliance system suited to emerging digital lifestyles.

At the process level, we established a compliance review workflow for wearable product R&D, created and refined standards for privacy documentation and UI interaction design, and led standardization initiatives for wearable compliance. We also completed compliance assessments for mobile system software, self-operated e-commerce digital products, and the Xiaomi Health Research Platform’s medical software, achieving multi-dimensional privacy protection coverage.

During the Reporting Period, we conducted specialized privacy risk assessments for overseas operating systems and implemented a dedicated Mijia App compliance rectification program. All the launched smartphone and IoT products underwent comprehensive privacy risk reviews and corrective actions, further strengthening Xiaomi’s privacy protection capabilities.

To further address challenges posed by complex cross-device data flows, we initiated a flagship project to develop a multi-device compliance framework for the “Human × Car × Home” ecosystem, creating the industry’s first such framework from the ground up. This initiative tackled key compliance challenges such as cross-device authorization and data minimization, and earned Xiaomi the 2025 China Business Law Journal Outstanding Corporate Legal Contribution Awards — Excellence Project Award and Innovation Management Award.

In industry standards research, we submitted an industry report titled Research on Personal Information Sharing Specifications Across Multiple Devices or Applications Under the Same Account at the CCSA TC11/TF1 meeting⁷. Focusing on scenarios where personal information is shared across multiple devices under a unified account system, the report proposes actionable improvement recommendations, effectively addressing challenges in consent mechanisms within IoT scenarios and providing direction for standardized practices in cross-device data flows across the industry.

1.2.5 Risk Audits and System Resilience

In an era of accelerated intelligence, system resilience has become a cornerstone for ensuring user experience, supporting business continuity, and responding to external uncertainties. Xiaomi integrates resilience building, risk auditing, and real-world security capability development across all business processes, making security a foundational enabler of long-term “Human × Car × Home” ecosystem development.

Global Compliance Baseline Enhancements

In response to the widespread adoption and increasing stringency of global privacy and data security regulatory frameworks, the deepening of industrial data security supervision, and the elevation of privacy protection to a core business ethics commitment, Xiaomi enhanced its privacy compliance baseline framework. We maintained an up-to-date list of data protection requirements across 106 countries/regions⁸, and used the Overseas Compliance Mapping System to match legal obligations to product features for accurate implementation by business teams. These measures ensured compliant global deployment under controlled risk conditions. During the year, we also conducted a retrospective audit of legacy overseas OS cloud data to further strengthen privacy compliance.

We also established an AIGC security and compliance assessment mechanism built assessment, reinforcing safeguards for global business expansion. Xiaomi actively participated in industry standard development and successfully completed authoritative data security related certifications.

Outcomes of Specialized Audits

As global compliance requirements intensify, Xiaomi strengthened its multi-layered internal risk identification and oversight system across policy, process, and technical dimensions to ensure alignment with leading domestic and international standards in data security, privacy protection, and information system security. In accordance with ISO 27001 and other international standards, we conduct periodic monitoring of security risks and perform targeted audits based on specific business scenarios.

7 Task Force on Personal Information Protection for Mobile Internet Applications (TF1), under the Mobile Application and Internet Terminal Working Committee (TC11) of the China Communications Standards Association (CCSA)

8 In this document, the term “Country” refers to the People’s Republic of China. When expressed as “Country/Region,” it refers to sovereign national entities.

For domestic risk identification, Xiaomi conducted an annual Personal Information Protection Law (PIPL) compliance audit covering mi.com, Xiaomi Account, and the App Store during the year. The audit comprehensively reviewed personal information processing activities within China, identified potential compliance gaps, and formulated targeted remediation recommendations, further strengthening Xiaomi's governance capability in personal information protection. During the audit, the App Store refined its review standards based on regulatory requirements and app-category characteristics. By introducing auxiliary review tools, Xiaomi significantly improved manual review efficiency and accuracy, enhancing the overall execution quality of personal information protection measures.

For international risk identification, Xiaomi strengthened its adherence to the EU General Data Protection Regulation (GDPR) by conducting comprehensive internal GDPR compliance audits across multiple products. The audit framework covered 8 major categories, 14 sub-categories, and more than 40 risk checkpoints, evaluating key areas including lawfulness of processing, data collection and usage norms, cross-entity data transfer processes, storage security, and protection of data subject rights. The audit concluded with a detailed gap analysis and remediation plans for business teams, ensuring that Xiaomi's data processing activities continue to meet international compliance standards.

Live Security Exercises and Offensive-Defense Drills

With the deep integration of intelligent EVs and cloud services, business scenarios have become more complex, expanding attack surfaces and accelerating risk evolution while threats grow more covert. Traditional static defenses are insufficient for such dynamic risks. Xiaomi therefore adheres to a "test security capability through real-world drills" philosophy, continuously conducting offensive-defense exercises to enhance overall security resilience.

We established an end-to-end intelligent monitoring system across cloud, vehicle, and supply-chain software layers, enabling 24/7 detection of anomalous behaviors, risk-model triggers, and potential attack vectors. This ensures early identification and rapid response to security incidents. As part of the Xiaomi EV's Protection Program, we invited 17 top white-hat security teams to conduct a 7-day live penetration test on the *Xiaomi YU7 Series*, thoroughly validating the vehicle's security resilience through real-world offensive-defensive scenarios. In technical validation, the smart EV business conducts multi-level penetration testing annually across components and full vehicles. Test scopes include hardware, communication links, system modules, OTA mechanisms, and remote control functions. All vulnerabilities identified during penetration testing must be 100% fixed before product launch, reflecting Xiaomi EV's uncompromising principle: "Safety is the premise, safety is the foundation, safety is everything."

Privacy Culture Building

To strengthen data security and privacy awareness across the organization, Xiaomi developed a year-round, tiered, role-specific security training system spanning onboarding to continuous learning. This transformed security education from periodic events into a sustainable internal management mechanism, reinforcing employees' sense of security responsibility and risk identification capability.

In 2025, Xiaomi's Security and Privacy Awareness Month, themed "Everyone is a Security and Privacy Officer," achieved record participation from all full-time employees, contractors, and interns worldwide, all of whom completed mandatory security and privacy training and assessments. During the event, immersive exhibitions were held across six major office locations — including Beijing, Shanghai, Nanjing, and Shenzhen — attracting over 6,000 participants. Overall satisfaction reached 99.51%, demonstrating strong engagement with Xiaomi's security and privacy initiatives. Additionally, through internal communication channels and automated notification bots, Xiaomi delivered 16 privacy and security awareness broadcasts throughout the year, steadily reinforcing organization-wide privacy awareness.

For practical capability building, Xiaomi conducted quarterly phishing simulation exercises and two specialized drills at Xiaomi EV Factory, improving frontline and high-risk teams' threat-recognition capabilities. We also held three sessions of the Security & Privacy Training Camp for key roles, with 691 participants and 68 top performers receiving certification — further strengthening the organization's professional security skill base.

1.2.6 User Privacy Rights

Guided by a user-centric philosophy, Xiaomi places user data rights at the core of its data security and privacy protection governance and empowers users to become co-builders and active participants in privacy protection.

User Co-Creation Driving Product Iteration

Aligned with our philosophy of "making friends with users," Xiaomi regards user insight as a key driver of product innovation, experience optimization, and privacy protection enhancement. The Xiaomi Community serves as our core official platform, enabling users to deeply participate in product iteration, efficiently report bugs, and contribute privacy-related improvement suggestions.

Under strict safeguards for personal privacy and data security, the Xiaomi Community established a direct R&D closed-loop mechanism — "user feedback → team assessment → development optimization → result feedback." This ensures that user-submitted experience feedback, data-security-related bugs, and privacy optimization suggestions receive timely responses, dedicated follow-up, and effective resolution. At the same time, in compliance with privacy requirements, we opened channels for beta registration, feature voting, and other participation mechanisms — embedding user involvement throughout the entire product lifecycle. User-submitted privacy suggestions have become an important basis for product optimization and privacy protection enhancements. The Community has further evolved into a "official guidance + user self-governance" co-creation model, fostering a collaborative environment for Mi Fans to support each other and jointly build privacy solutions. This enhances feedback processing efficiency and user engagement, allowing authentic user feedback to continually drive product iteration.

Rights Response and Feedback Channels

To efficiently respond to Data Subject Requests (DSRs), Xiaomi has built a dual-channel feedback system with differentiated handling mechanisms to ensure accurate routing and compliant processing of all user requests.

- Xiaomi Privacy Support Platform (<https://privacy.mi.com/support/>)
- Privacy Mailbox (privacy@xiaomi.com)

Requests received through these channels are processed as follows:

- Standard DSRs — such as access or deletion requests — can be submitted by users via the Xiaomi Account Portal (<https://account.xiaomi.com>). After completing identity verification in the Privacy Center, users may request service data deletion or download, revoke consent to the Xiaomi Privacy Policy, or deactivate their Xiaomi Account.
- Non-standard DSRs are handled by local legal and technical teams, ensuring individualized follow-up and comprehensive protection of users' lawful rights.

Xiaomi places user data rights at the center of its governance practices and proactively surpasses standard compliance requirements by enforcing strict, unified global privacy service standards. Our Privacy Policy formally commits to a 15-day processing window for all user data-related requests worldwide — significantly faster than the one-month period required by the EU's GDPR. Through rigorous self-discipline, we safeguard every user's privacy and digital rights.

If users submit privacy-related inquiries or complaints via the Privacy Support Platform, customer service, or community channels, Xiaomi's legal team, privacy compliance team, and relevant business units respond promptly based on the complaint type, conducting professional analysis and risk assessment. By the end of the Reporting Period, Xiaomi had achieved real-time response and closed-loop handling for all DSRs, with a 100% response rate.

1.2.7 Performance and Recognition

Xiaomi maintains a zero-tolerance stance toward violations of the Group's privacy requirements. In the event of any data security or privacy breach, we immediately initiate an internal investigation and apply penalties based on investigation findings and disciplinary rules. During the year, Xiaomi recorded zero Group-level data security incidents, zero Level-1 personal data breaches, and zero confirmed privacy-related penalties or regulatory notices.

Xiaomi continues to deepen its efforts in data security and privacy protection, earning multiple authoritative certifications and actively participating in standard-setting activities. These achievements strengthen our compliance foundation and elevate industry security practices. Relevant certifications can be found on the Xiaomi Trust Center (<https://trust.mi.com/compliance>).

In the field of data security, Xiaomi actively aligns with internationally recognized standards for personal information protection. We successfully obtained the extended certification of Data Security Management (DSM) from CCRC. This certification emphasizes both management and technical capabilities, covering the full lifecycle of data collection, storage, transmission, processing, and destruction. In addition, we have obtained certification under the APEC Cross-Border Privacy Rules (CBPR) system, enabling our participation in secure cross-border data flows among APEC economies.

We actively pursue multiple authoritative certifications across our product ecosystem. Xiaomi's Mijia and IoT services, both domestically and internationally, have obtained ISO/IEC 27001 and ISO/IEC 27701 certifications, as well as certification under China's Multi-Level Protection Scheme (MLPS) and Level III security assessment for communication network units. In addition, Xiaomi's Network-Attached Storage (NAS) products have obtained the IT Product Information Security Certification issued by CCRC, as well as certification from TÜV Rheinland for ETSI EN 303 645 "Cyber Security for Consumer Internet of Things: Baseline Requirements."

In industry standards development, Xiaomi participated in and contributed to the publication of 10 data security and privacy-related standards during the year, including 3 national standards (GB/T 45404-2025, GB/T 45652-2025, GB/T 45674-2025), 1 industry standard, and 6 group standards.

2. User Experience and Globalization

Driven by our mission to “enable everyone around the world to enjoy a better life through technology,” Xiaomi’s globalization strategy has evolved beyond simply expanding products and markets. It has elevated to a deeper dimension of value creation centered on user experience. We firmly believe that sustainable growth comes from genuinely understanding users’ needs and delivering high-quality experiences. To achieve this, we are committed to the deep integration of technology-driven quality enhancement, retail innovation, and localized operations, while upholding strict standards for product quality and safety and fulfilling extended producer responsibility across the entire value chain. This enables us to precisely respond to diverse market needs, provide global users with reliable, high-quality products and services, and build strong and lasting trust.

The table below summarizes the materiality assessment results for this chapter, highlighting the significant impacts, risks, and opportunities associated with the topics covered.

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Responsible Marketing and Compliant Operations, Service Quality	Through informed decision-making, software OTA upgrades, and consumer community activities, Xiaomi enhances existing customer satisfaction, loyalty, and trust.	Positive Impact	Value Chain
	Untimely or unprofessional performance in reception, delivery, or after-sales may lead to customer complaints, affecting brand image and sales revenue.	Risk	Own Operations
Product Quality and Safety	With a robust quality management system and continuous R&D of innovative materials, Xiaomi consistently delivers high-quality products to users and strengthens consumer trust.	Positive Impact	Own Operations
	Improper use or poor control of restricted substances may create product safety risks, endangering consumer health and safety.	Negative Impact	Value Chain
	By implementing comprehensive active and passive safety measures, combined with dual management actions across software and hardware, Xiaomi continuously improves the quality of electronic products and EVs, protecting consumer health and safety.	Positive Impact	Value Chain
	Higher quality and safety standards, improved recall mechanisms, and timely and transparent defect communication and recall notifications ensure user trust and safety.	Positive Impact	Value Chain

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Green Product Design	Empowering lightweight design and application of recycled materials through AI technologies enhances the Group's advantages during the product R&D stage, using green product attributes as a differentiated competitive edge to gain more market share and increase revenue.	Opportunity	Own Operations
	Improving durability and repairability can significantly reduce resource consumption and waste per service unit, while enhancing the consumer experience.	Positive Impact	Value Chain
	In response to increasingly stringent regulatory requirements, expanding the use of recycled materials may lead to insufficient supplier capacity or inadequate quality control, affecting supply chain stability.	Risk	Value Chain
Extended Producer Responsibility	Failure to fulfill electronic waste disposal responsibilities may result in regulatory violations, penalties, and negatively impact the corporate brand image.	Risk	Own Operations
	With regional regulations increasingly extended producer responsibility requirements, improper management of end-of-life product recycling and disposal may lead to fines or restricted market access if the Group is deemed not fully compliant.	Risk	Own Operations
	Establishing a mature reverse logistics system and leveraging existing sales and service networks to build recycling channels can reduce recycling costs.	Opportunity	Own Operations
Community Engagement	Conducting local community-focused public welfare activities builds strong community relationships and supports stable operations.	Positive Impact	Value Chain
	Promoting advanced manufacturing industrial tourism zones brings positive brand recognition and further increases revenue growth.	Opportunity	Own Operations

2.1 Market Layout and New Retail Strategy

Xiaomi is firmly advancing its New Retail strategy, transitioning from “Product Globalization” and “Brand Globalization” to “Business Model Globalization.” At its core, this involves globally replicating and locally integrating our proven “Human × Car × Home” smart experience with a highly efficient, user-centric store service system.

As the key vehicle for implementing the “Business Model Globalization” strategy, Xiaomi Stores serve not only as vital touchpoints for engaging with global users but also as core venues for delivering the “Human × Car × Home” ecosystem experience. To this end, we are continuously advancing the systematic development of our global retail operations: through a unified digital retail system, we achieve visualized management and real-time analysis of global ecosystem, inventory, and sales data, providing support for efficient decision-making and monitoring of operational health; we implement standardized store aesthetics and experience design, maintaining a consistent global brand identity while emphasizing flexible local adaptations, and always adhering to the interactive philosophy of “tangible and experiential”; Leveraging regional warehouse and logistics networks, we ensure the efficient flow of goods between stores and consumers; and we implement globally consistent service process standards to ensure that customers receive a professional and friendly service experience at any store worldwide.

Throughout the year, we carried out a comprehensive store-upgrade program in the Chinese Mainland, standardizing the visual design of integrated sales-and-service areas. A total of 997 new-image stores were constructed and optimized, including 453 newly built stores and 354 optimized stores. In addition, we further iterated our tiered management strategy for sales and service partners. Through store consolidation, capability enhancement and optimization of the cooperation network, we built a high-quality sales-service network, completing adjustments with 115 partners and onboarding 59 new partners during the year. By the end of the Reporting Period, we operated approximately 18,000 Xiaomi Stores in the Chinese Mainland. In the overseas markets⁹, we established a footprint of 450 Xiaomi Stores, including 80 directly operated stores and 370 authorized stores, covering 23 markets.

Throughout our global operations, we have consistently prioritized the deep integration of local cultural elements. In addition to maintaining adaptive flexibility in product displays and store design, we proactively incorporate local cultural characteristics into customized planning and execution for key events such as new store openings and traditional holiday promotions. In 2025, when our first Xiaomi Store opened in Spain, we designed exclusive gifts featuring the local representative cultural icon “Las Meninas” to connect with the local community. In markets such as Indonesia, Malaysia, and the United Arab Emirates, we provide customized festive visuals and display solutions for traditional holidays like Ramadan, empowering local teams to conduct user engagement and festive activities while respecting cultural customs.

9 “Overseas markets” in this Report refer to all markets outside the Chinese Mainland, including: (1) the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region of China; and (2) overseas countries (i.e. countries other than China). This definition is based on the statistical treatment under the Administrative Measures for Overseas Investment issued by the Ministry of Commerce of China, pursuant to which investments in Hong Kong, Macao, and Taiwan are administered with reference to overseas investment.

Feature Topic: Retail Model Innovation — AI-Enabled Retail Efficiency

The Mi Retail App serves as a digital operations platform for physical stores, providing intelligent management support to stores worldwide through integrated functional modules. The platform not only enables real-time synchronization and visual management of product, inventory, and transaction data but also dynamically tracks store performance through a unified point-of-sale system, providing precise data support for headquarters decision-making and regional operational optimization.

In 2025, as part of Mi Retail App's upgrade, we launched an AI-powered training assessment feature for frontline employees. This feature automatically assigns training tasks to store managers, sales associates, and warehouse staff via a central task platform. It supports voice-based question delivery and voice-based response submission, and uses AI to perform real-time analysis and automatic evaluation of responses, significantly improving training coverage efficiency and the objectivity of assessments. Upon completion of training and assessment, the system automatically issues electronic certifications, enabling a closed-loop management process from training and assessment to certification. This feature has been applied to new product training scenarios, helping stores worldwide quickly synchronize product information and ensuring consistent service standards and continuous improvement in staff expertise.

2.2 Responsible Marketing and Compliant Operations

Xiaomi adheres to the principles of "sincerity, transparency and accountability, and long-termism" as the shared foundation for marketing communications and user engagement. Through disciplined external communication, verifiable disclosure of information, and transparent handling of issues, we continuously build and strengthen user trust. The scope of responsible marketing management covers principles and management requirements for all external touchpoints across the Group's businesses, including external communications, advertising and promotion, product information disclosure, communication on controversial issues, after-sales service explanations, and user guidance.

Governance

We uphold responsible marketing across product definition and review, product launches, retail store operation standards, service standards, after-sales services, complaint handling, and OTA upgrade participation management. Through user research and participation in review processes, we screen and reject proposals that do not meet user needs. We also lead media and user experience testing and promote product improvements accordingly. Particular attention is given to managing highly sensitive communication scenarios that may easily cause misunderstanding, such as key terminology, core parameters, promotional boundaries, and testing conditions.

Xiaomi Corporation strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China, and other applicable laws, regulations, and regulatory documents in China and overseas operating markets. We are committed to conveying the value of Xiaomi's brand, products, and services in a fair and transparent manner, avoiding deceptive, misleading, or discriminatory expressions, and sincerely building a bridge of trust with consumers. Xiaomi has established the following three red lines as fundamental constraints for responsible marketing. These apply to all processes and personnel and are enforced through a "one-vote veto" mechanism to ensure that brand behavior consistently adheres to responsible standards.

1. Safety Red Line: Never compromise safety for marketing

- Any action that weakens safety standards or conceals safety risks is strictly prohibited.
- Promoting safety performance beyond actual product capabilities is prohibited.
- Misuse of user data or leakage of user privacy is prohibited.

2. Truthfulness Red Line: Absolutely no false promotion or misleading users

- Manipulating test data, fabricating user feedback, or exaggerating product functions is prohibited.
- Misleading users through ambiguous expressions, fine-print disclaimers, or similar methods is prohibited.
- Promoting technologies or features that have not been fully verified is prohibited. All communications must be supported by tested data and authoritative certifications.

3. Ethical Standards: Respect universal values

- Special attention is given to groups with limited understanding of marketing strategies or product information (such as children or individuals with limited access to market information) to ensure they receive sufficient information to make informed decisions.
- Communications must not disparage specific user groups or exploit social anxiety for coercive marketing.

Strategy and Risk Management

1. Advertising compliance

We emphasize disciplined communication regarding capability boundaries to avoid conceptual misinterpretation. For example, in communications related to assisted driving technologies, we advocate that users prioritize safety and maintain human-vehicle co-driving awareness. Promotional materials clearly disclose testing conditions for key parameters and strictly prohibit absolute expressions such as “the best” or “number one in the world.” We have also explicitly established a management requirement to eliminate “fine-print marketing”, thereby reducing information asymmetry and the risk of misleading users. At the same time, we reject attempts to create marketing hype through false testing or selective data disclosure. Rather than chasing speculative concepts such as “all-solid-state batteries” or “Level 4 autonomous driving,” we focus on real user experience supported by tested data and user feedback. During the Reporting Period, we further updated our management requirements:

- **Ensure:** transparent communication of safety configurations with no differentiation across product variants, clear disclosure of fault warnings and causes, and advance notification of OTA upgrade content and potential risks.
- **Prohibit:** promotion of unverified new technologies or “showcase-style pseudo-innovation,” as well as excessive collection of sensitive data under the pretext of improving user experience for commercial analysis.

2. Response to controversial incidents

When safety incidents, product defects, or public opinion controversies arise, we adhere to the principles of “immediate response, full-process transparency, and prioritization of user rights.” These principles have been embedded into a standardized response mechanism to reduce trust erosion through transparent processes and executable remediation measures. Key requirements include:

- **Immediate response:** immediately mobilize relevant technical personnel to form a dedicated team and carry out fact-finding.
- **Public communication:** describe our products and services fairly and truthfully to avoid misleading or deceptive information.
- **Executable remedies:** provide users with actionable solutions to address immediate issues while maintaining sincere, rigorous, and empathetic communication.
- **Prohibited practices:** in the face of negative public opinion, we strictly prohibit practices such as “public relations whitewashing” or “manipulating online comments through fake accounts”. We neither evade problems nor shift responsibility.

In remediation practices, we emphasize “restoring trust through action,” responding to user concerns with verifiable corrective measures.

3. Information transparency and public engagement

We regard transparency as an important extension of responsible marketing. By inviting the public to visit production facilities and proactively disclosing key production and quality control information through official channels, we continuously reduce information asymmetry and enhance external verifiability.

During the Reporting Period, through the official channel “Xiaomi EV Answers Questions from Netizens” we provided 96 responses addressing concerns raised by users and the public. We also opened the Xiaomi EV Factory for public visits, hosting a total of 4,265 visitor groups and engaging more than 130,956 participants including users and members of the public.

4. Marketing staff training

To ensure responsible marketing principles are implemented throughout Xiaomi’s sales and service processes, we require relevant frontline sales and service personnel to complete pre-employment training and certification. During the Reporting Period, through the Mi Retail App, we implemented integrated management of training release, learning, assessment, and data tracking, covering 23 countries with 130 online courses available in 13 languages, and 22,400 total participation instances, achieving 100% coverage of relevant positions.

Metrics and Targets

Taking the smart EV business as an example, we have established detailed metrics and targets to support continuous improvement.

Indicator	Definition	2025 Progress	2026 Target
High-sensitivity content communication review coverage (%)	High-sensitivity scenarios: key terms, core parameters, boundaries, and testing conditions Calculation method: proportion of advertisements/promotional materials subject to review	100% coverage	100% coverage
Emergency marketing incident resolution closure rate	Measures the effectiveness of rapid response to emergency marketing incidents (e.g. erroneous content release, non-compliant messaging causing minor public opinion issues, or concentrated user inquiries) Calculation method: number of closed-loop incidents/total number of emergency incidents.	The closure rate of marketing-related emergency incidents reached 95.7% during the year; the average handling time was controlled within 24 hours, and no incidents escalated.	Achieve a 100% closure rate for emergency marketing incidents, with the average handling time controlled within 12 hours.
Marketing position training	Positions that directly interact with customers and involve product explanation.	100% of personnel in relevant positions received responsible marketing training.	100% of personnel in relevant positions receive responsible marketing training.

2.3 Product Quality and Safety

The soul of quality lies in craftsmanship. Exceptional user experience and high product quality are the core cornerstones for Xiaomi to earn the long-term trust of consumers worldwide. We remain true to our original aspiration for quality and uphold the management philosophy that “Quality Is the Lifeline of Xiaomi”. We embed product quality and safety across the entire process from design and R&D validation to manufacturing, strictly control standards at each stage, and enhance detailed management, striving to provide users with an ultimate product experience.

2.3.1 Product Quality

Aligned with the “Human × Car × Home” strategy, Xiaomi Corporation’s business segments continuously raise product quality standards and strengthen process quality control. Staying committed to delivering “amazing products with honest prices”, we aim to holistically enhance users’ quality of life.

Governance and System

To further strengthen the foundations of product quality and safety management, we have established an excellence-driven quality system based on total quality control and oriented toward performance excellence, tailored to Xiaomi’s business characteristics. The Group has set up the Quality Committee to coordinate quality strategies, policies, and mechanisms across the Group. Each business segment has established its own Business Quality Committee to implement the Group’s requirements and carry out quality control within the segment. At the same time, independent quality departments have been put in place at the business level to ensure end-to-end quality control for products, forming a quality management structure with clearly defined roles and responsibilities, efficient collaboration, and closed-loop management.

In 2025, the Quality Committee focused on user-centricity and source-level governance to prevent and control product overheating risks. We advanced technical preventive measures such as leakage current testing and big data-based monitoring to enhance our capabilities in proactive defense. We also established a dedicated smartphone battery safety team to align and refine design solutions and improve the material traceability system, thereby strengthening product quality and safety through deepened technical capabilities. In addition, we reinforced the escalation and coordination mechanism for sensitive incidents to enhance our ability to respond quickly to user issues and leveraged systematic capabilities to further underpin user trust. Meanwhile, Xiaomi EV set up an independent software quality team and established a software quality management system centered on in-vehicle software. As a result, we significantly improved the OTA delivery quality, achieved notable reduction in user issue feedback rates, and continuously optimized feature maturity and issue closure rates for new projects.

To ensure the effective operation of the above governance structure and mechanisms, we continuously enhanced the rigidity of our quality management systems by taking the Group Quality Manual as our overarching guideline, the Group Business Quality Management White Paper as our management guide, and maturity assessment criteria as our evaluation standard. The Group and its business segments work in tandem to enhance the implementation of systems. At the same time, each business segment, in line with the Group’s management requirements, has consolidated and formulated its own quality management white paper to standardize internal quality management processes and ensure the effectiveness of all quality measures.

During the year, our businesses in smartphones, tablets, laptops, smart large home appliances, smart TVs, IoT products, and smart EVs all obtained the ISO 9001 Quality Management System certification.

Strategy and Risk Management

We continued to deepen the iteration of our quality management system along the “Human × Car × Home” ecosystem, extending quality control toward greater refinement, standardization, and full product coverage. We are committed to building an industry-leading high-quality delivery system and a robust assurance system for high user experience, embedding quality accountability across the entire product lifecycle.

1. Smartphones

In product quality management, Xiaomi adheres to a dual-focus approach that integrates both hardware and software, driving coordinated improvements across all product categories. As a core business segment, the smartphone business focused on three major directions this year: system upgrading, standards upgrading, and digital efficiency enhancement. Guided by these priorities, we advanced the systematic development of our excellence-driven quality system and implemented multiple key initiatives, achieving both upgraded quality control and breakthrough results.

At the design and development stage, we strengthened front-loaded quality control. On one hand, we tightened the admission criteria and review metrics for design review checkpoints to ensure design quality at the source. On the other hand, we established a New Component Review (NCR) management process covering core materials and key suppliers, with clear requirements for critical control points to standardize end-to-end material quality. We also introduced professional quality tools to proactively identify potential risks in R&D, manufacturing, and material management, effectively reducing downstream quality issues.

In material management and supply chain collaboration, we continued to drive foundational quality upgrades. Over the year, we enhanced and updated more than one hundred material control standards, covering the entire process from supplier production to outgoing inspection and incoming inspection, achieving stringent quality control from the source through final delivery.

In user needs alignment and digital efficiency improvement, we aimed to drive experience enhancement through data insight and user engagement. To better capture user needs, we established a forward- and reverse-loop net promoter score (NPS) system, conducted user experience planning and in-depth interviews, and optimized trial processes and research mechanisms. To support rapid iteration, we consolidated user experience data and quality control process indicators and launched a quality management visualization dashboard enabling linked, real-time monitoring of multi-dimensional indicators. We also developed multi-dimensional commercial big-data metrics to assist R&D teams in problem analysis, failure localization, and deep user insight, ensuring product iterations more closely match user expectations.

2. Smart EVs

In 2025, Xiaomi's smart EV business achieved dual-path quality advancement through forward-looking capability building and targeted reverse engineering initiatives, resulting in comprehensive upgrades to both R&D and manufacturing quality systems. Meanwhile, we enhanced our quality risk management mechanisms, overcame bottlenecks in software quality, and established a full-process, end-to-end automotive quality control framework that safeguards the fundamental baseline of vehicle quality.

In addressing reverse-engineering-based initiatives, we focused on critical quality issues and drove breakthroughs by leveraging targeted problem-solving to influence broader improvements. In 2025, we launched a Special Characteristics Management initiative, bringing together cross-functional teams and production workshops to streamline transmission processes. We completed the Special Characteristics Management Measures and upgraded the associated management system to ensure the precise transfer of critical characteristics between R&D and manufacturing. For example, to address issues in parking scenarios, we conducted an end-to-end diagnostic analysis and integrated improvement actions into the Assisted Driving Domain Controller Basic Software Quality Management Measures, ensuring a full closed loop from issue identification to solution implementation. Through these special initiatives, we transformed single-point lessons learned into standardized, replicable, and scalable management practices.

In forward-looking capability building, we incorporated insights gained from the special initiatives and systematically strengthened the quality foundations of both the R&D and manufacturing functions. On the R&D side, the management practices consolidated through the targeted initiatives were embedded into system documents, resulting in multiple iterations of key quality files to drive greater standardization of R&D quality control. On the manufacturing side, based on comprehensive quality system audits across all process stages, we iterated more than one hundred system documents and simultaneously advance special optimization in areas such as equipment management and safety compliance inspections. Effective controls validated through reverse-engineering initiatives were systematically embedded into manufacturing workflows to prevent recurrence of issues at the source.

To address different types of quality issues, we implemented differentiated closed-loop management processes. For quality issues collected across all channels, we strictly follow the 8D improvement process. Through cross-department collaboration, root cause analysis, and the implementation of permanent corrective actions, we ensure fundamental issue resolution and standardize lessons learned for horizontal replication across teams. For potential batch-level or common-cause issues involving larger groups of vehicles, we activate the rapid Controlled Containment Action Plan (CCAP) process to quickly complete risk assessment and prevent further spread. Leveraging our nationwide service network, we execute unified after-sales diagnostic and repair procedures to maximally protect user experience and preserve brand reputation.

3. IoT Devices

For IoT devices, Xiaomi implemented multiple quality-enhancement initiatives to reinforce quality safeguards across the entire product lifecycle. During the year, we established a full-chain compliance assurance framework and placed particular emphasis on promoting the construction of smart large home appliance laboratories. We developed a comprehensive laboratory management system and obtained accreditation from the China National Accreditation Service for Conformity Assessment (CNAS). As a result, the coverage of in-house testing projects increased to 90%, and our testing capabilities now span core areas such as performance, safety, electromagnetic compatibility, comfort assessment, and packaging vibration for air conditioners, refrigerators, and washing machines. Our extreme-condition testing capabilities have reached industry-leading levels.

By the end of the Reporting Period, the laboratories at the Wuhan Technology Park and the Xiaomi Smart Home Appliances Factory had completed independent construction and were fully operational. A total of 103 laboratory rooms have been established, enabling end-to-end testing and quality control across pre-research, review, and mass-production testing for air conditioning products. In parallel, we developed a digital Lab Information Management System (LIMS) to achieve full-process digitalization of testing activities. The system has also been extended to laboratories of our contract manufacturers, significantly improving digital management across the entire testing chain.

Additionally, we leveraged intelligent diagnostic technologies to enhance business management capabilities, achieving full-category coverage across air conditioners, refrigerators, and washing machines. We established a cloud-based data architecture that comprehensively captures multi-dimensional information, including user settings, environmental parameters, operating conditions, and fault logs. Meanwhile, we launched 22 AI-powered diagnostic models, deeply integrating intelligent diagnostics with after-sales services. These models enable rapid identification of equipment faults and support remote maintenance and repair, significantly improving after-sales response efficiency and enhancing overall user experience.

Xiaomi has also extended its Excellence Quality Management System comprehensively to ecosystem products. We developed quantified core experience indicators for premium product lines and systematically introduced Design Failure Mode and Effects Analysis (DFMEA) to strengthen design-stage risk control. We further iterated and refined our quality evaluation models to identify key indicators from the user-experience perspective and establish corresponding testing standards. In parallel, we launched multiple product-service enhancement initiatives covering online site surveys, integrated delivery and installation services, customer service capability enhancement, and logistics experience improvement. For ecosystem enterprises, we continued to upgrade the quality management system through enhanced on-site audits, rigorous QBR process oversight, and eliminating bottom-tier product categories through structured assessment, collectively advancing quality capabilities across the entire ecosystem product lineup. In overseas markets, we established a compliance management framework to support global expansion, promoted the implementation of the international IPD process framework, and completed overseas quality management system audits and certifications to meet multi-category market entry requirements. We further developed and released the Ecosystem Product Overseas Compliance Management Specifications along with multiple product compliance white papers, strengthening the quality and compliance foundation of our global operations.

Quality Verification and Performance Metrics

The Group has established a comprehensive quality verification system that covers the entire chain from design and materials to production and delivery. Leveraging professional laboratory capabilities and scenario-based testing environments, we ensure that our products remain stable and reliable even under extreme conditions. In 2025, the hardware products from our smartphone business achieved a 99.97% pass rate in factory inspections, while the incoming quality pass rate for key components increased by 0.2% year over year. User quality-related complaint rates for smartphone products decreased by 18.2% compared to the previous year, and all safety incidents related to thermal damage were addressed through 100% closed-loop resolution. Meanwhile, we continued to advance special quality initiatives related to battery safety and display reliability, using quantifiable and traceable metrics to drive process improvement and reinforcing user trust through real-world performance.

During the year, Xiaomi Corporation received the highest E6-level rating in the "Performance Excellence Maturity" assessment from the China Association for Quality, in recognition of our outstanding innovation and breakthroughs in quality technologies. We were also honored with the 2025 China Quality Technology Award issued by the China Association for Quality. These accolades not only affirm Xiaomi's long-term commitment to excellence in hardcore technology and quality management but also inspire us to pursue even higher standards of innovation and deliver trusted, high-quality products to users worldwide.

Quality Culture Development

To uphold the management philosophy that "Quality Is the Lifeline of Xiaomi," we continued to strengthen quality culture development across the Group through masterclasses, quality knowledge challenges, business practice sharing sessions, and other initiatives. We also carried out comprehensive communication of our quality policies and expanded quality learning programs group-wide. In 2025, we launched the Xiaomi Quality Classroom training program for all employees, with 19,469 participants completing a total of 18,405 learning hours, continually fostering the internalization and practical application of quality mindsets throughout the organization.

Case Study: Inspiring Excellence Through High-Quality Experiences — 2025 Xiaomi Quality Month

As a key platform for advancing the Group's quality culture, the 2025 Xiaomi Quality Month was held under the theme "Inspiring People with High-Quality Experiences" and aligned closely with Xiaomi's premiumization strategy and its 15th-anniversary development milestones. The initiative rolled out a series of targeted quality-enhancement actions across multiple regions and business lines, both in China and overseas.

Starting with a launch ceremony in Beijing, the campaign expanded across nine major office locations, as well as the Xiaomi EV Factory and the Xiaomi Smart Factory, and further extended to international regions. The activities covered a wide range of formats, including capability-building trainings, knowledge competitions, user roundtables, and supplier quality-co-creation programs.

Throughout the year, Xiaomi Quality Month featured over 120 specialized activities, attracting nearly 60,000 participants and more than 150 partner companies, further strengthening quality awareness across the entire organization.

Case Study: Strengthening Safety Fundamentals and Enhancing Product Experience — Xiaomi EV Quality Knowledge Workshops

As assisted-driving and vehicle-to-everything technologies evolve rapidly and regulatory requirements continue to tighten, the smart EV business hosted a series of three quality learning workshops under the theme "Strengthening Safety Fundamentals and Enhancing Product Experience".

The Quality Knowledge Competition adopted a "training-through-competition" approach, focusing on foundational quality knowledge, product safety, and user experience. Through a combined format of theoretical assessments and practical exercises, the competition evaluated employees' knowledge reserves and ignited enthusiasm for continuous learning.

Two Quality Masterclasses provided targeted capability-building opportunities:

- The FMEA Forum invited experts to analyze the practical application of failure mode analysis in R&D and manufacturing, using case reviews to optimize risk prevention and control.
- The Intelligent Connectivity Masterclass focused on emerging technology standards and evolving regulatory requirements, exploring how to balance innovation with compliance.

Together, this series of activities created a deeply integrated model of learning, competition, and knowledge sharing, advancing the adoption of quality principles and strengthening professional capabilities. These efforts provide robust support for addressing the new challenges of quality management in the era of intelligent vehicles.

2.3.2 Product Safety

The Group places paramount importance on product safety and compliance, integrating critical aspects such as battery thermal-runaway prevention and hazardous substance control throughout the entire product lifecycle. We believe that consistently maintaining uncompromising standards in every usage scenario is essential to earning the long-term trust of hundreds of millions of users worldwide.

For smartphones, we further advanced our safety capabilities in 2025. Building on our achievement of Customer Testing Facility (CTF) certification from the International Electrotechnical Commission System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (IECEE) and the rigorous execution of battery safety testing, we refined our protection mechanisms through coordinated software and hardware enhancements. These improvements helped us balance users' endurance needs with higher levels of safety assurance.

We upgraded the SBMS safety algorithm, equipping it with precise monitoring and early-warning capabilities for three major risks: internal short circuits, lithium plating, and battery swelling. These functions collectively form a full-lifecycle battery safety protection framework. In terms of materials and structure, we lowered thermal-runaway risks at the source by optimizing electrolyte formulations, adopting thermally stable cathode materials, and applying high-temperature closed-cell separators.

We also expanded the application of safety battery cells. The supported power level has been increased to 100W, and we introduced a 9Ah high-capacity safety cell together with a protective coating technology that helps reduce safety hazards caused by surface damage.

We continued to enhance the safety performance of smart large home appliances. In electrical safety, we upgraded dual leakage-protection mechanisms, overload protection, and flame-retardant designs, and we improved voltage-adaptation capabilities for high-power appliances. Core functions such as high-temperature sterilization and condensate rinsing for air conditioners, as well as leakage protection and hygienic washing for washing machines, remain key components in ensuring comprehensive user protection.

For wearable devices, we strengthened safety and skin-comfort performance. In 2025, we launched a dedicated R&D initiative focused on strap materials and selected 6A-grade¹⁰ natural silk to significantly improve skin comfort and breathability. This reduces potential skin sensitivity risks from the source and further enhances the health and comfort of daily wear.

Vehicle Safety

As EVs are long-lifecycle industrial products that operate in highly complex environments, their safety boundaries extend throughout the entire lifecycle, from R&D and production to usage and end-of-life. This places a heightened responsibility on Xiaomi EV, where our pursuit of product safety carries even greater importance and weight.

10 6A Grade: The highest rating for raw silk under China's national standard GB/T 1797-2008.

Governance and Philosophy

Xiaomi adheres to the core principle that “safety is the premise, safety is the foundation, and safety is everything”. We will never trade safety for performance. To uphold this commitment, we established the Xiaomi EV Safety Committee as the highest decision-making body for vehicle safety. The committee provides unified oversight of safety investments and critical safety decisions. More than 3,500 employees are dedicated to safety-related work, and safety requirements are embedded across design, R&D, manufacturing, and other key stages.

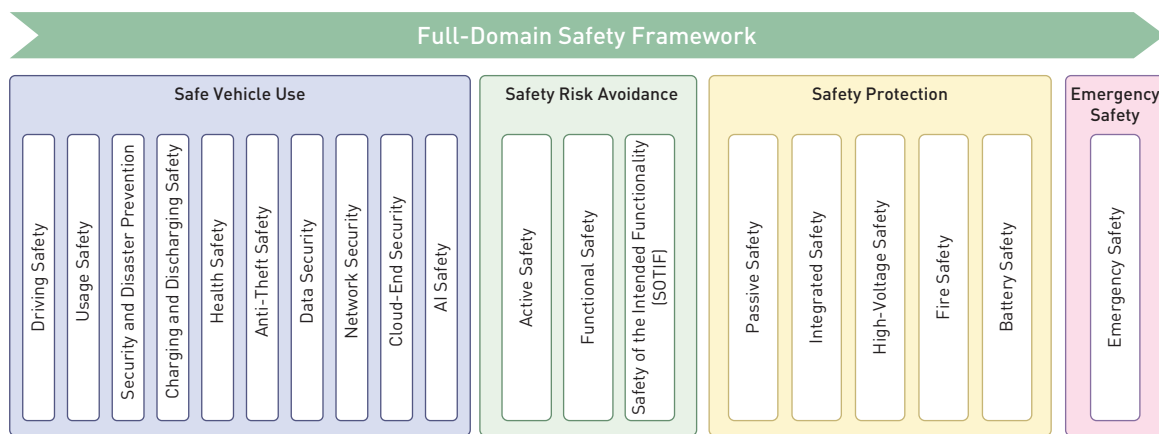
Drawing on safety management practices from both within and beyond the industry, we are building a safety framework that covers the entire lifecycle of our vehicles. Our goal is to create a comprehensive safety system characterized by reliable performance and functional redundancy, reflecting the heightened responsibility we carry in safeguarding users throughout the full lifecycle of the vehicles.

- Preventive mechanisms and source-level control: We established an end-to-end safety team responsible for the top-level design and closed-loop management of vehicle safety. During the product development stage, the team conducts comprehensive risk assessments and is granted veto authority at critical decision points to ensure that safety performance is firmly controlled at the source. A dedicated safety-prevention team also provides early warnings, interventions, and response support for high-risk scenarios, creating a multi-layered preventive and user-guidance mechanism.
- In-process control and closed-loop management: We set up an independent Accident Investigation Center that conducts in-depth reviews of every incident and accurately identifies causal characteristics. Key findings and opportunities for improving safety functions are fed back into R&D, forming an accident-driven improvement mechanism to continuously enhance product safety. A tracking and supervision mechanism is also in place for safety-related product iterations and improvement projects to ensure that all safety actions are completed with high quality and on schedule.
- Post-incident response and continuous-improvement mechanisms: We upgraded the Safety Response Center and established a 24/7 rapid-response capability to ensure timely and effective handling of accidents and other emergencies, maximising the protection of user safety and rights.

In addition, we sign safety performance accountability agreements with relevant business departments and conduct stringent evaluations. Assessment results are directly linked to the compensation and responsibilities of department heads. We also implemented a reward mechanism for safety suggestions and hazard reporting, supported by a dedicated incentive pool, to encourage employees to identify potential safety risks and proactively propose improvements. These efforts collectively reinforce product safety defenses across the organization.

Strategy and Risk Management

Xiaomi EV has established a “1+4+N” comprehensive safety governance framework. The “1” refers to an integrated, full-domain safety framework that guides overall safety management. This framework informs “4” horizontal safety scenarios, including safe vehicle use, safety risk avoidance, safety protection, and emergency safety. It also supports in-depth development across multiple vertical safety domains represented by “N”. Safety requirements are embedded into all phases of R&D, testing and validation, manufacturing, and operations and maintenance. Together, these efforts form a closed-loop system that integrates preventive measures in the design phase, monitoring during vehicle operation, and rapid response in the event of an incident.



1. Safe Vehicle Use

Xiaomi focuses on providing comprehensive safety protection throughout the full cycle of daily driving, vehicle operation, and maintenance. Through measures covering driving safety (including driving-mode settings, misoperation prevention, status monitoring and alerts, chassis redundancy design, and human-machine takeover mechanisms), usage safety (such as visibility assurance, anti-pinch protection, and lighting safety), and health safety (protection for the five sensory health dimensions of occupants), as well as protections for charging and discharging safety, anti-theft security, data security, and network security, we help mitigate risks arising from user errors, functional failures, or abnormal environmental conditions to ensure that vehicle safety remains controllable across all scenarios before driving, during use, and after leaving the vehicle.

To enhance drivers’ safety awareness and capabilities, Xiaomi launched the Advanced Driving Training Program in 2025 and set a training target of 10,000 participants. The program helps users systematically develop safe-driving skills and the ability to respond to extreme driving conditions. Training sessions are conducted at controlled and secure closed-course facilities and are delivered by a team of experienced instructors through a combined approach of theoretical learning and hands-on practice. The customized theoretical modules are designed to align with the characteristics of Xiaomi’s high-performance electric vehicles, helping participants understand vehicle advantages and master core driving logic. The practical modules focus on unexpected road conditions and high-intensity scenarios, including acceleration and braking exercises, emergency lane changes, slalom training, low-friction surface driving, and Gymkhana practice.

By the end of the Reporting Period, the program had been implemented in nine cities, with a total of 484 professional training sessions delivered. In total, 10,620 participants successfully completed the program, earning widespread praise and strong recognition from Xiaomi EV owners.

2. Safety Risk Avoidance

We enhance safety risk avoidance by combining real-time environmental perception, early warnings, and proactive intervention to prevent or minimize driving-related risks. Through measures that strengthen active safety, which provides environmental risk alerts and short-term intervention control, functional safety, which manages risks arising from electronic and electrical system malfunctions, and Safety of the Intended Functionality (SOTIF), which addresses risks caused by vehicle capability limitations or user misuse, we leverage technological safeguards to reduce safety risks to the greatest possible extent.

Safety Assistance: During the year, all Xiaomi EV models completed the Over-the-Air (OTA) upgrade to the enhanced version of Xiaomi Hyper Assisted Driving (HAD). The upgrade expanded the operating speed range of Assisted Emergency Braking (AEB) and introduced Low-speed Assisted Emergency Braking in both forward and reverse directions (LAEB and RAEB), as well as Assisted Emergency Steering (AES). The system now supports two consecutive evasive maneuvers and multimodal fusion perception, significantly enhancing risk-avoidance capabilities in scenarios such as reversing, low-speed maneuvering, and emergency obstacle avoidance.

Algorithms and Simulation Training Strategy: To strengthen the robustness of assisted-driving functions in complex road conditions and long-tail scenarios involving adverse weather, the enhanced version of Xiaomi HAD incorporated reinforcement learning and world-model-based training. These methods enable repeated simulation and validation in high-fidelity digital environments that mimic typical weather conditions, including sunshine, rain, snow, and fog. This approach helps the system develop safer, smoother, and more consistent driving strategies and delivers notable improvements in key scenarios such as complex intersections and defensive deceleration.

Functional Safety and Safety of the Intended Functionality (SOTIF): Xiaomi EV has established a systematic functional safety and SOTIF management and development process, embedding all relevant requirements throughout the forward R&D cycle. This enhances the vehicle's ability to identify risks, control failures, and avoid hazards in complex scenarios. For critical functions such as braking and steering, we apply multilayer redundant architecture designs to strengthen system stability and controllability under abnormal conditions. These measures reinforce the safety assurance of key functions and provide robust support for safe responses and risk avoidance in potential hazard scenarios.

3. Safety Protection

We focus on protecting occupants, pedestrians, and the vehicle itself at the moment when accident occurs. Through measures encompassing passive safety (including crashworthiness structures, occupant protection, and pedestrian protection), integrated safety (coordination between assisted driving systems and vehicle-body, chassis, and power domains), and high-voltage, fire, and battery safety (such as electric-shock protection and thermal-runaway suppression), we work to minimize both primary and secondary injuries.

Xiaomi designed an armor-cage steel-aluminum hybrid body, establishing a structural protection strategy centered on maintaining cabin integrity across full-scenario crash conditions, including frontal, side, rear, and rollover impacts. Using an engineering approach that balances structural rigidity and energy absorption, the vehicle forms a closed-loop protection system of energy absorption, force distribution, and intrusion prevention, ensuring maximum cabin protection.

In frontal and small-offset collisions, the vehicle improves energy absorption through composite front longitudinal beams and large energy-absorbing structures. Crash forces are distributed through several load-transfer paths, including the integrated die-cast aluminum triangular beam and the subframe horn structures. This multi-path force-transfer design also enables controlled “slip” behavior of the vehicle body. Working together with wheel-link mechanisms that allow the wheels to rotate or detach in a controlled manner, these measures help reduce the risk of wheel-hub intrusion.

For side impacts, the *Xiaomi YU7 Series* and the *New-Generation Xiaomi SU7 Series* adopt Xiaomi’s self-developed 2,200 MPa ultra-high-strength steel anti-collision beams across all four doors — the highest-strength hot-formed steel currently in mass production. Compared with 1,500 MPa door beams, the load-bearing capacity of the front and rear doors increased by 52.4% and 37.6%, respectively. A wide multi-cavity extruded aluminum sill beam, a 2,000 MPa floor cross-beam, and the battery-pack frame beam together form a continuous protective structure, significantly enhancing lateral impact resistance.

For rollovers and roof-crush protection, the A- and B-pillars are reinforced with 2,200 MPa hot-formed steel hydroformed tubes, forming an “integrated internal roll-cage structure”. This improves pillar load capacity by 35% to 70.5%, effectively reducing deformation risks in extreme scenarios such as rollovers and rear-end collisions with large trucks. Rear-impact protection uses a three-section large die-cast rear floor structure designed to balance safety and repairability. Replaceable local sections help reduce repair costs in typical rear-end collisions, while high-strength core regions maintain strong intrusion resistance under severe impact conditions.

Feature Topic: Battery Safety

Xiaomi ensures battery-system safety through four layers of protection: a comprehensive structural-protection design, high-standard thermal-diffusion prevention, multi-layer electrical-protection mechanisms, and a vehicle-cloud coordinated 24-hour monitoring and alerting system certified to Automotive Safety Integrity Level — D (ASIL-D). Together, these safeguards minimize the potential impact of thermal runaway and other extreme conditions on both the vehicle cabin and its occupants.

Structural Protection: Xiaomi adopts Cell-to-Body (CTB) integrated battery technology to build a full-coverage protection system. At the vehicle level, the armor-cage steel-aluminum hybrid body provides robust crash protection. At the battery-pack level, the top structure incorporates four ultra-high-strength steel crossbeams with strengths up to 2,000 MPa. The sides use a wide aluminum sill beam combined with a honeycomb aluminum frame, and the bottom is reinforced with multilayer composite underbody plates and “anti-ballistic coatings”. Together, these elements create a protection structure consisting of three layers of top support, three layers of side-impact protection, and twelve layers of bottom protection, forming a total of eighteen layers of physical protection.

Thermal-Diffusion Prevention: Thermal-insulation materials are placed between individual cells, combined with active-cooling strategies and directional pressure-release pathways, as well as full-coverage, redundant insulation protection. These measures ensure that the battery maintains stability under high-temperature and high-state-of-charge conditions, such as 55°C full-charge scenarios, without thermal diffusion, fire, or explosion. This significantly enhances safety margins for the cabin and improves safety performance under high-temperature operating conditions.

Electrical Protection: Xiaomi employs a triple high-voltage short-circuit protection mechanism consisting of a relay, an active fuse, and a passive fuse. This system can interrupt the high-voltage circuit in as little as 4ms. Combined with comprehensive, multi-layered insulation protection, it ensures stable power delivery during high-voltage operation and prevents short circuits and electrical leakage.

Vehicle-Cloud Coordination: The vehicle-cloud coordinated safety alerting system provides near real-time global response. It operates through full-chain and full-scenario data monitoring¹¹ and AI-based early-warning algorithms to deliver continuous, 24/7 protection and full-lifecycle data traceability. The in-house Battery Management System (BMS) software uses multi-level protection strategies and redundant software and hardware mechanisms, achieving ASIL-D, the highest level of functional-safety certification. This forms a comprehensive thermal-runaway detection and protection system.

11 Full-chain and full-scenario monitoring refers to end-to-end data coverage across production, operation, and after-sales, with differentiated safety alerts for scenarios including driving, charging, and parking.

4. Emergency Safety

Xiaomi views emergency-response capability as the final and essential step in the vehicle safety engineering system, focusing on rapid self-rescue and external rescue support after an incident occurs. Through measures such as emergency protection (including automatic door unlocking, window lowering, and high-voltage power-down), smoke and thermal management (controlling harmful gas concentration and temperature), and emergency assistance functions such as eCall, we work to ensure that occupants can evacuate the vehicle quickly and safely. These mechanisms also provide critical information to external rescue teams, helping to reduce secondary injuries.

- **Emergency self-rescue:** Xiaomi has designed a comprehensive self-rescue mechanism tailored to emergency-escape situations. At the hardware level, the *New-Generation Xiaomi SU7 Series* is equipped with both electric and mechanical exterior door handles, as well as a backup power supply for door unlocking. At the functional level, features such as collision-triggered door unlocking, thermal-runaway-triggered unlocking, and automatic window lowering ensure that escape routes remain unobstructed during emergencies. The cabin also adopts an airtight structural design to reduce the risk of harmful gases entering the occupant compartment in the event of a battery thermal-runaway incident.
- **Call-connection certainty:** A dual-entry rescue pathway has been established through the in-vehicle eCall emergency call system and the 400-customer service hotline. In severe collision scenarios, eCall can automatically initiate an outbound call. Dedicated eCall staffing and call-overflow backup mechanisms strengthen connection stability during peak periods and complex situations. By the end of the Reporting Period, the 60-second response rate for emergency calls and roadside assistance had reached 100%.
- **Location and information certainty:** Once the user authorizes assistance via the 400 hotline or when eCall is automatically triggered, the vehicle's satellite-based positioning information is obtained and immediately shared with rescue teams as soon as support is requested. This improves dispatch accuracy and ensures rescue teams arrive promptly. Key process data from rescue operations is recorded for verification and traceability, supporting service-quality improvement and continuous enhancement.
- **Coordinated dispatch certainty:** Based on the incident details and user needs provided by occupants, rescue agents coordinate medical emergency calls and towing services and continue assisting throughout the rescue process. To strengthen this capability, Xiaomi has partnered with large-scale rescue platforms to improve towing-network coverage and dispatch efficiency.
- **On-site support and closed-loop certainty:** While external rescue teams are on their way, support agents provide remote guidance to help occupants manage on-site safety risks and evacuate as needed, which reduces the likelihood of secondary injuries. Xiaomi continues to improve the consistency of rescue service delivery by enhancing the punctual arrival of rescue vehicles and strengthening on-site assistance. Additional support, including drinking water, device charging assistance, and essential hygiene supplies, is also provided when required.

Safety Validation and Performance Metrics

Xiaomi EV leverages its self-developed intelligent manufacturing system to ensure rigorous quality control. Core manufacturing processes achieve 100% automation, and the self-developed X-Eye AI inspection system for X-ray defect detection achieves an accuracy rate exceeding 99.9%, providing a highly reliable quality foundation for large-scale delivery.

During the R&D validation phase, and prior to the official launch of the *Xiaomi YU7 Series*, the model accumulated a total of 6.49 million kilometers in road testing. These tests covered 296 cities across China and were conducted in extreme temperature environments ranging from minus 30 degrees Celsius to 50 degrees Celsius. More than 50 passive safety development tests were completed, fully covering and in some cases exceeding the requirements of the China-New Car Assessment Program (C-NCAP) and China-Insurance Automotive Safety Index (C-IASI) standards. This included extreme testing scenarios such as a 25% small-offset frontal impact at 64.4 km/h and a 70% rear overlap impact at 90 km/h, which exceed the Federal Motor Vehicle Safety Standards (FMVSS) 301 requirements. Xiaomi also pioneered the development of all-condition¹² and all-seat¹³ female-occupant protection, ensuring equal protection for occupants of different body types and seating positions.

For the three-electric system, the *Xiaomi YU7 Max* demonstrated extreme reliability. Through continuous 24-hour driving that covered 3,944 kilometers, sustained high-speed operation above 210 km/h, and high-thermal load fast-charging and fast-discharging conditions, the vehicle validated the durability and stability of the motor, battery, and thermal-management systems under demanding environments. In January 2026, the *New-Generation Xiaomi SU7 Max* completed a 24-hour endurance challenge with a total driving distance of 4,264 km, demonstrating the extreme performance of its three-electric system.

By the end of the Reporting Period, Xiaomi EV had received extensive recognition from multiple third-party testing and evaluation agencies across several safety dimensions, including overall vehicle safety, active safety, electrical safety, cabin health, and electromagnetic safety. The *Xiaomi SU7 Series* received a five-star rating under the China New Car Assessment Program (C-NCAP) and as of the Reporting Period, continued to hold the top position among all tested sedan models. In February 2026, the *Xiaomi YU7 Max* participated in assessments under the China Intelligent Vehicle Index (iVISTA), covering intelligent safety, intelligent driving, intelligent parking, and intelligent interaction, and received a "G+" (Excellent) rating in all four categories. Additional third-party test and evaluation results are as follows:

<i>Xiaomi YU7 Series</i>	<i>Xiaomi SU7 Series</i>	<i>Xiaomi SU7 Ultra</i>
<ul style="list-style-type: none"> China Automotive Technology and Research Center (CATARC) New Energy Vehicle Safety Assessment: Five-Star Rating Yiche: Passed the Advanced Active Safety Capability Super Test China Automobile Health Index (C-AHI): Awarded Five-Star Healthy Vehicle Certification 	<ul style="list-style-type: none"> China Insurance Automotive Safety Index (C-IASI): Received "Excellent+" ratings across all safety items China Intelligent Vehicle Index (i-VISTA): Recommended Model for Intelligent Performance China Automobile Health Index (C-AHI): Awarded Five-Star Healthy Vehicle Certification 	<ul style="list-style-type: none"> China Automotive Engineering Research Institute (CAERI): Passed extreme-condition battery challenge tests

12 All-condition testing refers to a complete set of crash scenarios, including full frontal impact at 56 km/h, 50% overlap car-to-car frontal impact at 50 km/h, driver-side 25% small-offset frontal impact at 64.4 km/h, passenger-side 25% small-offset frontal impact at 64.4 km/h, 40% overlap ODB frontal impact at 64 km/h, and side pole impact at 32 km/h at a 75° angle.

13 All seat testing refers to protection validation for the driver seat, front passenger seat, and rear seats.

Building on its existing safety achievements, Xiaomi EV will continue advancing its safety systems through “tenfold investment”. We will adopt a testing methodology that emphasizes full-lifecycle coverage, dynamic optimization, and continuous iteration to support product validation and improvement. At the same time, Xiaomi EV will expand its testing scope into more advanced and emerging areas to identify and eliminate even low-probability potential risks before they can affect users.

Feature Topic: Racing Culture — Only Those Who Understand and Love Cars Can Build Great Cars

- **Technology and Emotion: Racing Culture as a Bridge to Young Users**

“Balancing technology and emotion” is an extension of Xiaomi’s mission within the EV domain. We believe that building great cars fundamentally requires people who truly understand and love cars, and who align personal passion with Xiaomi’s goals. This culture runs through the entire smart EV business and serves as a core principle for talent selection and development, encouraging employees to create products that combine technological excellence with emotional resonance.

Throughout the year, we continued to increase investment in racing-related activities. Through participation in professional events, cultural initiatives, and community programs, we promote the deep integration of technological innovation with mobility lifestyle. Xiaomi actively supports employees in taking part in racing competitions. This not only strengthens professional expertise and deepens understanding of high-performance vehicles but also allows racing-derived principles to be shared with users and the broader public, making racing culture an important bridge between the brand and its community.

- **The “Thousand Racers” Program: Core Outcomes and Embedded Value**

In March 2025, Xiaomi launched the “Thousand Racers Program” with the objective of cultivating talent who understand and love cars and strengthening the foundation of product development. The program covers training across three major racing formats: circuit racing, rally racing, and drifting.

By the end of 2025, the program had trained 719 racers across key automotive functions including R&D, product, and sales. Through systematic racing training, R&D engineers gained a more intuitive understanding of safety limits and performance boundaries, enabling them to provide more practical, scenario-based guidance during vehicle development. Frontline product specialists also developed a clearer understanding of safety principles on the track, which helps them guide users toward safer driving practices.

- **Racing Culture Driving R&D: Enhancing Safety and Design**

Xiaomi transforms the exploration of extreme physical limits in racing into life-saving capabilities for users in critical situations. By encouraging engineers to study racing theory and participate in professional training, Xiaomi channels racing insights back into automotive R&D, resulting in deeper integration between motorsport principles and product development.

During the year, Xiaomi’s assisted-driving algorithm team assigned core engineers to master two advanced racing disciplines: extreme vehicle recovery and trail-braking control. Engineers learned essential techniques such as counter-steering to regain control near the edge of vehicle instability and heavy braking during corner entry. These real-world insights were translated into vehicle-control models and algorithms, significantly improving the performance of the assisted-driving system in active-safety scenarios. This forms a complete safety-enhancement loop that extends from the racetrack to the final product.

2.3.3 Hazardous Substance Management

Xiaomi Corporation regards hazardous substance management as a core component of product safety. Leveraging the diverse nature of our business portfolio, we implement refined and category-specific control measures to minimize any negative impact on human health or the ecological environment throughout the entire product lifecycle.

We strictly comply with key domestic and international regulations, including the EU Restriction of Hazardous Substances Directive (EU RoHS), the EU Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH), the EU Persistent Organic Pollutants Regulation (EU POPs), and China's Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products (GB 26572). We also benchmark against industry-specific standards such as the Requirements for Hazardous Substances and Recyclability Management for Automobiles, the Automobile Prohibited Substances Requirements, and the Global Automotive Declarable Substance List. At the same time, we monitor regulatory developments such as updates to EU REACH 2.0 and global policies on per- and polyfluoroalkyl substances (PFAS) to ensure full-category coverage and end-to-end compliance in hazardous substance management.

By the end of the Reporting Period, Xiaomi's core product categories, including smartphones, tablets, laptops, wearables, smart TVs, and Xiaomi EVs, had all completed professional testing and certification in accordance with the above domestic and international regulations. Smartphones, tablets, and wearable devices achieved full compliance with EU market-entry requirements, including RoHS, REACH, and POPs certifications across all products in these categories.

Building on full regulatory compliance, Xiaomi continues to drive beyond mandatory requirements by shifting hazardous-substance management from passive adherence to proactive substitution. We continuously refine our internal control standards and update the Requirements for Prohibited and Restricted Substances on Automobiles, strictly limiting the use of brominated flame retardants (PBBs and PBDEs), hexavalent chromium, lead, mercury, cadmium, and their compounds. We also deepen the targeted management of substances such as perfluorinated compounds (PFCs) and volatile organic compounds (VOCs). For smart EVs, Xiaomi has established phase-out plans for PFAS in sealing components, membranes, and wire-insulation materials, and promotes the use of bio-based and low-toxicity materials such as PU and coatings. We also focus on improving in-cabin environmental safety. Interior components use environmentally friendly adhesives, low-emission polyvinyl chloride (PVC) and polypropylene (PP), and water-based damping coatings such as Liquid Applied Sound Damping (LASD). These measures reduce VOC emissions at the material level and maintain strict fogging-resistance standards to ensure clean and healthy cabin air quality.

To strengthen hazardous-substance control across the supply chain, we have established a pre-inspection and tracking management system for components and raw materials. Building on this foundation, our smart EV business uses the China Automotive Material Data System (CAMDS) to collect supply chain data and has independently developed a vehicle recycling and hazardous-substance compliance system. This system enables the digital management of Material Data Sheet (MDS) substance-composition reviews, hazardous-substance content assessments, and recyclability calculations, ensuring that the entire vehicle meets regulatory requirements across all dimensions. We also respond promptly to changes in international compliance requirements. During the year, we introduced the EU Ecodesign and Energy Label requirements for smartphones and tablets and implemented new PFAS control requirements for textile-based products, such as textile watch straps, in the French market. We also completed Energy Label certification for smartphones and tablets in the EU, further aligning compliance certifications with international standards.

We actively contribute to the development and review of industry standards. During the year, Xiaomi Corporation participated in drafting China's first mandatory national standard for RoHS, Requirements for Restricted Use of Hazardous Substances in Electrical and Electronic Products (GB 26572), helping to establish a unified benchmark for hazardous-substance management across the industry. We also deepen our involvement in technical research and academic exchange. As a co-author, Xiaomi published a research paper in the journal IEEE Transactions on Electromagnetic Compatibility, contributing to scientific advancement in the field. Through this dual approach of technological innovation and standards development, we support the continuous improvement of industry practices and promote the evolution of hazardous-substance management toward greater safety and environmental responsibility.

2.3.4 Incident Monitoring and Recall Management

In 2025, Xiaomi EV established a comprehensive investigation system for major incidents and formed an integrated vehicle-safety research team. This structure supports a systematic approach that spans on-site investigation, data analysis, and issue diagnosis. By introducing advanced investigative methodologies, high-precision inspection equipment, and full-scenario simulation software, Xiaomi has accelerated the digitalization and intelligent enhancement of incident investigations and strengthened its overall incident-response capability.

Focusing on the vehicle, assisted-driving systems, and high-voltage systems including thermal-runaway scenarios, Xiaomi EV has established a closed-loop technical optimization framework. Improvement areas are identified through in-depth investigations and quantitative evaluations. Optimization measures are then validated through testing, and their effectiveness is re-verified during subsequent incident investigations. This creates a continuous performance-enhancement cycle of "Investigation → Evaluation → Optimization → Validation → Re-validation", which helps reduce accident rates over time.

During the Reporting Period, our intelligent 24/7 incident monitoring and proactive response system achieved 100% monitoring coverage for issued collisions and issued intelligent alerts for moderate scrapes and abnormal impacts. Relevant information was promptly transmitted to the service platform to support risk warnings, emergency handling, and rescue coordination.

For product recalls, Xiaomi has established the Chinese Mainland Product Recall Management Policy for Xiaomi Corporation and the Overseas Product Recall Management Policy for Xiaomi Corporation. The Group Quality Office serves as the decision-making and execution body for major product safety recalls. These mechanisms are designed to prevent recall incidents, strengthen response capabilities, and improve overall market recall processes. For EVs, we follow China's Regulation on the Administration of Recall of Defective Automobile Products and related requirements, and have formulated the Xiaomi EV Product Recall Management Measures to guide the public recall of products that meet recall conditions.

In 2025, in accordance with the above policies and based on comprehensive risk assessments, Xiaomi filed relevant recall plans with the State Administration for Market Regulation (SAMR) in Chinese Mainland and issued three public recall notices¹⁴ to consumers. These included two Xiaomi EV OTA recalls and one recall of Xiaomi portable power banks, covering a total of 147,818 *Xiaomi SU7 Standard* EVs and 146,891 *Mi Power Bank 20000 33W* (Model PB2030MI) units. By the end of the Reporting Period, the two EV OTA recalls had achieved an average completion rate of more than 97%, while the power bank recall had reached 32.9%. In 2026, Xiaomi will continue to provide recall services for all remaining units within these batches.

We also continue to strengthen post-recall management. Lessons learned from recall cases are systematically fed back into the Design Failure Mode and Effects Analysis (DFMEA) process, and suppliers are required to jointly implement corrective actions. These measures help protect user rights to the greatest extent and prevent similar issues from recurring.

2.4 Service Quality

As product premiumization advances, technological complexity increases, and user expectations rise, Xiaomi views its service system as a vital component of product value delivery and customer trust management. We consistently address all genuine issues with a pragmatic approach, ensuring processes are grounded in problem-solving and aligned with users' actual service needs. In 2025, as a vital component of our premiumization strategy, we systematically enhance service accessibility, responsiveness, and complexity handling capabilities. We are committed to delivering stable, reliable service experiences that consistently exceed user expectations.

2.4.1 Service Accessibility

Service accessibility upgrades are guided by delivering high-quality, user-perceivable outcomes. In 2025, Xiaomi refined service provider tiering and admission mechanisms in core cities and key regions. Through continuous evaluation and assessment, we ensured service capabilities remained aligned with our brand positioning.

14 <https://www.mi.com/service/exchange#phone>

Service Network Deployment

By the end of the Reporting Period, Xiaomi operated 2,445 service sites across Chinese Mainland market, representing a net increase of 73 locations compared to 2024, with a city coverage rate of 92.98%. Overseas market service network development prioritizes both structural optimization and service quality enhancement. In 2025, Xiaomi’s overseas after-sales service network covered 83 countries and regions, comprising 2,475 service sites with a service penetration rate¹⁵ of 86.6%, representing a 1.4% year-on-year increase. The annual product repair rate (RRR) improved from 0.99% in the previous year to 0.73%, exceeding the annual target by 1.25%.

As the market for high-end models and complex product categories continued to expand, Xiaomi focused on high-frequency critical technology scenarios in 2025 to drive continuous expansion of complex repair service coverage, ensuring consistent repair service quality across different regions.

	Expansion of IP68 Air Tightness Testing Capabilities	Expansion of Foldable Screen Repair Capabilities
2025 Store Expansion	Expand from 400 to 600 stores, increasing IP68 repair coverage to 70% of prefecture-level cities by 2025	Outlets with foldable screen repair capabilities increased from 150 to 160, achieving full provincial coverage for mail-in repairs
Achievements	Through process optimization, pressure retention ¹⁶ time reduced from approximately 1 hour to 5 minutes, achieving 97.76% technical satisfaction.	Reduced out-of-warranty repair costs, with main screen repair costs per unit decreasing by nearly 1,000 yuan, achieving 98.07% technical satisfaction.
First-time resolution rate	86.45% (increased by 3.12%)	86.89% (increased by 3.83%)

For mail-in repair services, we established an end-to-end transparent management mechanism with visual traceability at critical stages, enabling real-time user monitoring to enhance trust and experience. Concurrently, we launched a spare device improvement initiative during the year, comprehensively upgrading spare device management processes for full visibility. A dedicated service mini-program was deployed, empowering users to independently request spare devices and better meet borrowing needs.

15 Service penetration rate: Refers to the ratio of Xiaomi’s in-warranty units in countries with self-operated service centers to the total in-warranty units across all countries.
 16 Pressure holding: A production process where pressure is continuously applied and maintained on components after adhesive bonding and sealing using specialized fixtures, ensuring full curing of the adhesive to meet waterproof sealing and structural strength requirements.

Building on this foundation, we formally launched the “Service Benchmark Stores” in 2025. These one-stop experience spaces integrate full-category sales with comprehensive service capabilities, covering smartphones, IoT and lifestyle products, delivering predictable and verifiable high-standard service. By implementing unified construction standards, we established a standardized system for spatial planning, service processes, and staffing, significantly enhancing the recognizability and quality consistency of store services. By the end of the Reporting Period, six “Service Benchmark Stores” had commenced operations, achieving simultaneous improvements in service capabilities and commercial performance across multiple regions.

We also provide users with more comprehensive and flexible product protection through MiCare services. In 2025, we continuously lowered barriers to accessing premium services and enhanced service accessibility by focusing on three directions: product coverage, geographic expansion, and service innovation.

- Service offerings continue to expand: In Chinese Mainland, we extended MiCare coverage from smartphones to IoT products like earbuds and smartwatches. We also introduced new protection benefits such as “Loss Insurance” and “Accidental Water Damage Insurance” for the first time, addressing high-frequency risks and making services more relevant to real-life usage scenarios.
- Steady Overseas Expansion: MiCare now serves markets including Spain, Germany, France, Italy, Poland, Japan, and Hong Kong. We actively explore localized service models — such as adding theft coverage in Europe and introducing Japan’s “Replacement Only” solution — to meet local expectations for service certainty.
- Service Model Innovation: For the *Xiaomi Max Flip 2*, we introduced a “dual-option pricing” service model in Chinese Mainland (users choose between screen replacement or device replacement), empowering customers with choice. This approach enhances service transparency while significantly boosting user engagement and satisfaction.

Service Capability Development

Facing increased product complexity and category expansion, our repair services are transitioning from experience-driven approaches to systematic capability development. By establishing an after-sales engineer training ecosystem featuring a “three-tier technical curriculum system + upgraded digital certification system + deeper integration of industry-education bases,” we have optimized talent pipelines while simultaneously enhancing service quality and efficiency. This approach strengthens core after-sales competitiveness and brand reputation while providing sustainable talent support for full-product-line business expansion.

Internally, we established a standardized technical training program and a three-tier curriculum system covering “Basic → Intermediate → Advanced” levels, alongside a knowledge base supporting engineer certification and talent development. The basic-level curriculum comprises 42 courses, incorporating new content for the top 9 ecosystem categories and completing mandatory in-person retraining and certification for all personnel, which reduced repair quality complaint rates from 0.4% to 0.2%. The intermediate level comprises 18 courses, with 5 new categories added, cumulatively training over 6,500 specialized engineers in kitchen appliances, refrigerators, central air conditioning, and more. The advanced level introduced 4 new courses focusing on advanced techniques like smartphone data recovery and TV motherboard repairs, systematically enhancing the service team’s ability to handle complex scenarios. We simultaneously upgraded our certification system, transitioning intermediate and advanced certificates to digital management. We have introduced 9 new intermediate and advanced category certifications in 2025, supporting service standardization and talent professionalization through a tiered skills-based certification system.

Externally, we further advanced the development of our industry-education integration bases (school-enterprise cooperation), strengthening the alignment between school talent training and enterprise needs. In April 2025, we officially launched the Xiaomi Industry-Education Integration Instructor Training Program at the Changshu base in Jiangsu, where more than 50 teachers from across the country participated in a week-long AIoT training. In October 2025, we jointly established a Xiaomi Industry-Education Integration Base with a local vocational school in Kaifeng to provide students with early-stage technical training and certification. Through the dual drivers of instructor empowerment and base co-development, we are promoting systematic integration of technical theory, industrial practice, and teaching content, thereby contributing to sustainable talent development for the industry.

By the end of 2025, we had certified a cumulative total of 92,651 engineers in Chinese Mainland, with mid-to-senior level engineers accounting for approximately 18%. Overseas certifications totaled 3,252 engineers, with mid-to-senior level engineers representing about 30%.

2.4.2 User Feedback and Closed-Loop Service

Guided by core principles of process transparency, controllability, and efficient closed-loop improvement, we deliver a trustworthy, reliable, and transparent service system across all product categories. We commit to:

- **Transparent Service Processes:** Real-time updates on service progress are pushed through our customer service platform, including reception confirmation, diagnostic checks, service details, labor hours and parts used, and fee breakdowns. This ensures clear issue identification, visible process tracking, and verifiable outcomes. Users may submit review requests regarding repair part quality or service items, enabling dispute resolution and process oversight.

- Efficient Closed-Loop Complaint¹⁷ Resolution: We maintain 24/7 multi-channel complaint access, prioritizing user-centric solutions without evasion or delay. We commit to resolving complaints within 72 hours and conduct systematic root-cause analysis to drive continuous product and service optimization.

Xiaomi proactively integrates user feedback into operational risk management processes, elevating individual case handling to systemic corrections. We proactively identify and resolve issues before potential risks escalate into concentrated complaints or public opinion incidents, driving continuous improvement in products and services.

On one front, we persist in co-creating consensus with users. In 2025, we systematically advanced the “Listening Program,” where department heads and core managers directly reviewed user calls and service recordings. This was institutionalized through the VOC (Voice of Customer) mechanism, integrated into monthly business unit meetings to form a cross-departmental task pool and high-risk signal list, with continuous tracking of rectification progress. On another front, we persist in refining the complaint governance loop. Through six mechanisms “Review → Improvement Initiatives → Reporting → Verification → Communication → Training”, we transition from passive complaint handling to proactive risk prevention.

We believe that service experience hinges not only on problem resolution but also on the time cost incurred by users. In 2025, Xiaomi systematically restructured its service delivery processes under the principle of “scalable fulfillment,” prioritizing accelerated response times across multiple high-frequency and high-impact scenarios. For instance, in mail-in repair and loaner device scenarios, we reduced issue resolution time from approximately 24 hours to under 4 hours through process digitization and asset-based management, achieving “half-day delivery” response times. Regarding network efficiency, the 72-hour completion rate for in-country repairs rose to 69.76%, while the on-time repair completion rate reached 95.83%.

Simultaneously, to reduce structural friction caused by cross-team ticket transfers, we continuously advanced the “All-in-One-Order” model¹⁸. Addressing premium users’ heightened expectations for response speed, experience consistency, and predictability, we launched the “Premium Concierge Service” offering end-to-end closed-loop follow-up. Taking the China’s domestic market as an example, this mechanism drove an 8% NSS improvement in 2025 despite sustained business volume growth.

17 Complaint: Refers to instances where users express dissatisfaction or disapproval regarding products, sales, or services, and request escalated resolution.

18 “All-in-One-Order” model: Each issue corresponds to a single service ticket, integrating customer service explanations, engineer handling, and logistics/delivery coordination. The system links user history, orders, and service trajectories, enabling management roles to intervene and coordinate during processing.

In Chinese Mainland market, Xiaomi has established a tiered response mechanism with accelerated service timelines for high-risk scenarios involving personal safety, residential security, or significant life impacts. Dedicated teams handle these high-priority requests. For urgent incidents like smart door lock service needs, we provide 24/7 emergency support with a 2-hour response guarantee. In 2025, the actual average response time was 0.44 hours, with a response rate of 99.18%. For vehicle roadside assistance, Xiaomi has established a multi-entry emergency response system covering collision auto-triggering and user-initiated calls, operating a 24/7 on-call mechanism. The response connection rate within 10 seconds of an eCall exceeds 99%. See Section Product Safety — Vehicle Safety for details.

Case Study: AI-Empowered Customer Service Efficiency and Experience Enhancement

During the year, we actively advanced the implementation of AI technology in customer service across Chinese Mainland, enhancing overall operational efficiency through process optimization and experience upgrades. Internally, systems automatically identify conversation content, intelligently generate ticket classifications and issue summaries, and integrate historical user information. This saves customer service agents over 20 seconds per session, boosting overall efficiency by more than 5%. For user experience, we enhanced AI agents' intent comprehension and response accuracy through large language models, strengthened self-service capabilities, and optimized agent escalation strategies alongside direct-connect mechanisms for high-sensitivity issues. These efforts drove a 52% annual increase in customer satisfaction, tangibly reducing user time costs while improving service and response quality.

Core Quantitative Metrics Management

We established a closed-loop management system centered on core quality metrics including Net Satisfaction Score (NSS), complaint rate, repair quality, and repair efficiency. This system spans continuous monitoring, trend analysis, and dedicated review sessions, systematically driving service system optimization and enhancement.

We are committed to consistently tracking NSS globally using a unified methodology, conducting root cause analysis and improvement actions by breaking down data by category, channel, and region. In 2025, the after-sales NSS in the Chinese Mainland market reached 96.72%, while the overseas market achieved 80.55%, with both regions seeing year-over-year improvements exceeding 1%. In addition, in overseas markets, Xiaomi has established a normalized customer satisfaction follow-up mechanism since 2024, covering 21 markets. Through channels such as email and telephone, we conduct monthly follow-ups with approximately 60,000 users. Feedback from diverse linguistic and cultural contexts is systematically consolidated into structured inputs to support quantitative monitoring of user experience and the identification of potential risk signals.

Overall results demonstrate that against a backdrop of sustained business growth and increasingly complex product structures, these metrics maintained a structural and sustainable improvement trend. This validates the tangible effectiveness of our service network development, complaint management, and risk prevention mechanisms.

2.5 Green Product and Circular Economy

Guided by the 3R principles of Reduce, Reuse, and Recycle, Xiaomi manages resource efficiency and environmental impact throughout the entire product lifecycle. These principles are fully integrated into every stage — from product design and material selection to end-of-life recycling. We are committed to optimizing structural and material solutions from the design stage, continuously improving resource and energy efficiency during manufacturing and use, and systematically enhancing recycling and regeneration pathways at the end of the product lifecycle. This builds an executable and scalable closed-loop management system.

2.5.1 Green Product Design

As ESG regulations and standards — such as the EU Ecodesign for Sustainable Products Regulation ((EU) 2024/1781) — accelerate globally, product requirements for design, material selection, manufacturing processes, carbon footprint management, and information disclosure continue to rise. These regulations systematically incorporate product carbon footprint, material traceability, and recyclability into market access criteria, transforming green design from an “option” into a hard constraint determining compliance and competitiveness. In response to this trend, Xiaomi treats regulatory requirements as critical inputs in product design, embedding them upfront into R&D decisions and engineering parameter settings. By proactively benchmarking and planning ahead, we mitigate future compliance and transition risks while building certainty for long-term product competitiveness.

Lightweight Design: Enhancing Resource Efficiency Through Material and Structural Innovation

In smartphone hardware design, we introduced bio-based lightweight nylon (for internal brackets) and bio-based epoxy resin (for rear cover structural components). This drives weight reduction: leveraging their superior specific strength and modulus provides the material foundation for engineering approaches like thin-walled design and topology optimization, thereby playing a systemic role in overall structural weight reduction.

In vehicle hardware design, Xiaomi prioritizes performance as the foundation and efficiency as the goal, continuously advancing the large-scale application of high-performance materials in the EV sector. In 2025, we made simultaneous and synergistic gains in both lightweighting and safety performance through material strength upgrades and structural system reconfiguration. The *Xiaomi YU7 Series* leverages its proprietary CTB integrated body architecture, combined with a high proportion of high-strength steel, ultra-high-strength steel, and aluminum alloy materials, to establish an exceptional foundation for overall vehicle safety and rigidity. This technological advantage empowers engineers to fully leverage lightweight structural design potential while ensuring outstanding safety, stiffness, and NVH performance. Ultimately, this achieves a body-in-white weight reduction coefficient as low as 1.397, setting a class-leading benchmark.

For the structure, we minimize material usage and disassembly complexity from the design stage. Through integrated and unified design, we reduce component count and connection complexity wherever possible, laying the foundation for vehicle lightweighting and recyclability.

Circular Material Application and Green Process Practices

Regarding recycled material application, Xiaomi has systematically advanced related practices in mass-produced smartphones and vehicles, achieving large-scale adoption of multiple types of recycled/alternative materials.

Type	Recycled/Alternative Materials	Smartphone Application Outcomes	EV Application Outcomes
Metal Materials	Recycled Aluminum	<i>Xiaomi 15T Series, REDMI K90, REDMI 15C, REDMI Note 15 Pro, POCO F8 Pro</i> , etc.: 100% of mid-plates use recycled, high-strength and high-thermal-conductivity die-cast aluminum.	<i>Xiaomi YU7 Series</i> recycled aluminum application ratio is 14.2% for the entire vehicle. <i>Xiaomi SU7 Series</i> recycled aluminum application ratio is 19% for the entire vehicle.
	Recycled Steel	/	<i>Xiaomi YU7 Series</i> recycled steel content is 10.6% in the vehicle body. <i>Xiaomi SU7 Series</i> has recycled steel content of 12%.
Plastics and Bio-based Materials	PCR Recycled Plastic	Smartphone chargers utilize 30% PCR shell material.	Recycled plastics have been maturely applied in PP, ABS, and PC+ABS material systems for exterior components, with ratios ranging from 10%–50%. The <i>Xiaomi YU7 Series</i> incorporates 1% recycled plastic.
	Bio-based Materials	<i>Xiaomi Civi 5 Pro Iced Americano Edition</i> features “coffee grounds” in its applications: 40%–50% of petroleum-based components are replaced with bio-based materials (PO3G derived from industrial corn or its byproducts, and coffee grounds).	<i>Xiaomi YU7 Series</i> and <i>Xiaomi SU7 Series</i> seat back panels utilize hemp fiber materials, meeting structural and safety requirements while reducing reliance on fossil-based materials.

To enhance systematic material management, Xiaomi established a material database, identifying dozens of low-carbon and circular materials¹⁹. It tracks carbon emissions at the bill-of-materials level for the top 20 key materials, providing a data foundation for subsequent carbon footprint accounting and material optimization. This enables comprehensive evaluation balancing performance, cost, and environmental impact.

¹⁹ The qualifications of circular materials are either verified by a third party or confirmed through Xiaomi’s factory audits.

Looking ahead, Xiaomi will accelerate the large-scale adoption of sustainable materials in products and establish increasing sustainable material ratios as a core direction for green product design. Starting with key raw materials, we will progressively establish an integrated management system covering material selection, carbon footprint accounting, and full-process traceability. While ensuring product performance, safety, and quality remain unaffected, we will systematically advance the application breadth and proportion of sustainable materials in products like smartphones and EVs, providing robust support for long-term competitiveness and low-carbon transformation.

Beyond material selection, Xiaomi is reshaping green practices from the production process source. In the *REDMI K90 Pro Max Denim Edition*, we utilize tannin leather derived from natural silica ore, whose production entirely eliminates harmful organic solvents like DMF, significantly reducing environmental and health risks. Similarly, in vehicle manufacturing, we systematically advance water-based process substitution: interiors and leather utilize waterborne PU leather, waterborne paint, and LSAD. All interior adhesives employ eco-friendly water-based and hot-melt adhesives. Through the DCS system, we achieve precise formulation and full-process control, ensuring process consistency, traceability, and clean production across the entire supply chain, continuously reducing the environmental footprint of manufacturing processes.

Exploring Low-Energy Consumption and Zero-Emission Design

During the product design phase, Xiaomi consistently prioritizes “low energy consumption and low emissions” as core guiding principles, continuously advancing the implementation of green solutions for end users. We adhere to one fundamental principle: never shifting complexity or burden onto users. Through system-level design and engineering optimization, we significantly reduce energy consumption and related environmental impacts while maintaining a nearly imperceptible user experience. This makes efficiency and low carbon footprint inherent capabilities of our products, rather than optional extras.

In the consumer electronics sector, Xiaomi is committed to reducing energy consumption and carbon footprint during product usage. We systematically integrate low-carbon and near-zero energy concepts into design and R&D. Focusing on high-frequency products like smartphones, we are advancing innovative technologies for charging accessories. Our goal is to significantly reduce or even eliminate extra power consumption while ensuring safety, reliability, and user experience. In 2025, we launched the world’s first Ultra-Low Standby Power Consumption Technology for 100W chargers, integrating proprietary custom chips, in-house sleep-mode algorithms, power-module architecture design, and tailored low-power components. This enables 100W chargers to achieve a standby power consumption of $\leq 5\text{mW}$, meeting the IEC 62301 zero standby standard, with an expected annual saving of hundreds of millions of kilowatt-hours of standby electricity consumption.

In the mobility sector, Xiaomi EV is committed to advancing the transition toward transport electrification, providing users with lower-carbon mobility options compared with traditional fuel vehicles. By integrating product design, energy efficiency management, and electrification technologies, Xiaomi continuously enhances vehicles' energy utilization efficiency in real-world operation, providing viable product-level solutions for transportation sector emission reduction targets. *Xiaomi SU7 Series* delivers outstanding environmental performance, achieving a full lifecycle carbon footprint of only 175.54 gCO₂e/km²⁰. This is enabled by an ultra-low drag coefficient of 0.195 for a mass-produced sedan and a highly efficient electric powertrain system. To address the common challenge of reduced electric vehicle range in winter conditions, Xiaomi has also developed an AI-enabled intelligent thermal management system, achieving 98% low-temperature energy utilization efficiency. This technology helps maintain vehicle performance and effectively mitigates range anxiety in cold climates.

In the smart large home appliances sector, we are achieving full-cycle low-carbonization from production to use through synergistic efforts in energy efficiency improvements, source material reduction, and green packaging. Specifically, we adhere to high-efficiency product design by optimizing overall energy efficiency, reducing standby power consumption, and enhancing the operational efficiency of key components. This approach effectively minimizes greenhouse gas emissions during the product's usage phase while ensuring performance and user experience.

Case Study: Low-Carbon and Circular Practices in Smart Large Home Appliances

On the manufacturing side, we focus on reducing material consumption at the source and promoting recycling: *Mijia Refrigerator Pro Supercooling Preservation 560L* reduce foam material usage through process optimization, cutting 0.85kg per unit and cumulatively reducing annual foam consumption by over 22 tonnes. The 3kg series washing machines extensively utilize post-consumer recycled (PCR) plastic for outer drums, with each unit incorporating 1.5kg of PCR material, saving approximately 150 tonnes of virgin plastic annually.

In logistics, we extend circular principles to packaging: By 2025, our refrigerator business fully implemented expanded polystyrene (EPS) thinning initiatives. Optimized packaging design reduced EPS usage per unit by 620g, cumulatively cutting annual EPS consumption by nearly 310 tonnes.

At the usage stage, technological innovations significantly boost energy efficiency: Refrigerators introduce ultra-premium energy-efficient models, integrating COP 2.05 ultra-high-efficiency compressors developed with industry leaders while upgrading to vacuum insulation materials, reducing product energy consumption by approximately 25% year-on-year. In air conditioning, we pioneered a dual-millimeter-wave radar module for home use. Combined with deep learning algorithms, it enables high-precision human detection for "On-Demand Temperature Adjustment," achieving over 70% energy savings in real-world intermittent household usage scenarios. In laundry care, our "Essence Wash" technology utilizes high-pressure nozzles and flow-redirecting designs to enhance cleaning power while reducing single-cycle washing time by 40% and water consumption by 30%, fundamentally lowering resource usage during operation.

20 For carbon footprint disclosure information, please refer to the Automobile Industry Chain Publicity Platform. The disclosure identifier is: 88.186.1/CPP.V.XMI.RB01001.

Leveraging synergies between pure electric mobility products and high-efficiency home appliance solutions, Xiaomi consistently delivers resource efficiency significantly superior to traditional approaches during product usage. We bridge the energy efficiency gap — from mobility to home life, from individual devices to holistic scenarios — creating systemic synergies in reducing energy consumption, lowering greenhouse gas emissions, and enhancing overall environmental performance. These initiatives embody Xiaomi's exploration of sustainable lifestyle choices through product and technological innovation, laying a solid foundation for future expansion into low-energy and zero-emission solutions.

2.5.2 Extended Producer Responsibility

Guided by the Extended Producer Responsibility (EPR) principle, we extend product accountability from design through usage and end-of-life stages. Through systematic recyclable design, recycling network development, and compliant partner management, we drive standardized recycling and resource regeneration of discarded products.

In cross-border e-waste management, Xiaomi strictly adheres to the Basel Convention, explicitly committing not to export or transfer e-waste to non-OECD countries. We manage and control e-waste flows through standardized recycling and disposal processes, preventing cross-border transfer risks and supporting the recycling and reuse of e-waste within legal and compliant frameworks.

Extending Product Lifespan

Xiaomi is committed to extending product lifespans through technological innovation and delivering dual benefits for users and the environment. In 2025, we launched the *Xiaomi 17 Series*, significantly enhancing battery durability through material innovation and upgraded intelligent management algorithms, thereby effectively reducing battery replacement frequency.

At the material level, we pioneered the industry's adoption of ordered mesoporous silicon-carbon anode materials. Leveraging their unique high porosity and robust ordered pore structure, we overcame the technical bottleneck of silicon loading in conventional silicon-carbon materials. This innovation increased anode capacity by approximately 12% and enhanced crush strength by 30%. Simultaneously, we incorporated high-elasticity, high-toughness binders and a 3D conductive network into the anode formulation, effectively mitigating long-term swelling and aging issues in high-capacity batteries. The addition of cyclic additives to the electrolyte enables self-repair of the SEI film, delaying performance degradation.

For intelligent management algorithms, the *Xiaomi 17 Series* upgrades to next-generation silicon dynamic discharge control technology and a Battery Manager System that optimizes charging/discharging strategies in real-time based on user habits. Test data shows this system boosts State of Health (SOH) by 1–2% during long-term use, maintaining over 80% battery capacity after more than 2,000 full charge/discharge cycles — significantly extending overall battery lifespan.

Disassemblable and Repairable

To incorporate principles of easy disassembly and recyclability during the product design phase, we have developed and implemented Q/MAD 2001 *Automotive Recycling Efficiency Requirements*. This standard prioritizes connection methods such as screw fastening, snap-fit, and plug-in assemblies, while minimizing welding, riveting, and extensive adhesive bonding. These measures reduce dismantling complexity and enhance recycling efficiency.

In practice, Xiaomi has set clear targets for high-voltage battery removal time, battery pack modular design, and fastener standardization to enhance vehicle disassembly efficiency and recyclability during end-of-life. The *Xiaomi YU7 Series* achieved a vehicle reusability rate of 92.6% and a recyclability rate of 98.8%. Leveraging systematic breakthroughs in recyclable design and circular material applications, Xiaomi EV has earned authoritative recognition for its robust capabilities. Notably, our aluminum alloy recycling solution was honored with the 2025 “ELV Recyclability Design Exemplary Case” award issued by China Auto Data Co., Ltd..

Trade-In and Reverse Recycling Mechanisms

As a vital component of the e-waste recycling system, we enhance accessibility and user engagement through trade-in and reverse recycling mechanisms. By integrating product recovery with user experience optimization and new device sales, we promote effective end-of-life recycling and reuse.

For overseas markets, Xiaomi is positioning trade-in programs as a key engine for its global circular ecosystem. In 2025, we established trade-in capabilities across 14 markets, and by the end of the Reporting Period, the program covered 24 countries and regions worldwide. The range of items eligible for recycling include smartphones, electric scooters, TVs, smartwatches, and most electronic products currently on sale. Throughout the year, the trade-in program facilitated the conversion of 54,811 new devices, a 135% year-on-year increase. Among all collected devices, 44.27% came from other brands, demonstrating Xiaomi’s genuine progress and growing potential in advancing circular consumption at scale.

In Chinese Mainland, we recycled over 2 million used smartphones through trade-in programs in 2025. For home appliance products, we provided users with diversified trade-in channels covering mi.com and Xiaomi Stores, achieving 100% coverage across all districts and counties nationwide. The annual number of trade-in orders reached 213,000, representing a year-on-year increase of 19.7%. Meanwhile, we continued to increase trade-in benefits for users — for air conditioners specifically, we raised recycling prices by 20.5%, effectively encouraging greater consumer participation in product recycling programs.

Recycling Network Development and Partner Compliance Management

For global e-waste processing partners, Xiaomi establishes cooperation systems based on high standards, strict entry requirements, and robust governance. Through unified qualification review criteria and standardized partnership management mechanisms, we monitor recycling and end-disposal flows to ensure full compliance with relevant laws and regulations at every stage.

Regarding partner onboarding, Xiaomi establishes tiered qualification management standards based on regional regulatory requirements and business characteristics:

- **International Qualification Requirements:** For e-waste recyclers, Xiaomi requires them to hold relevant e-waste processing certifications such as R2 (Responsible Recycling) and WEEE (EU Waste Electrical and Electronic Equipment Directive) to ensure recycling, dismantling, and disposal processes comply with internationally recognized environmental and safety management standards.
- **Chinese Mainland Regional Qualification Requirements:** Within Chinese Mainland, e-waste processing partners must be listed on the national whitelist of 109 approved environmental treatment entities. Additionally, Xiaomi verifies whether these entities hold international certifications like R2 and WEEE to strengthen oversight of recycling and final disposal compliance.
- **Power Battery Recycling Qualification Requirements:** For waste power battery management, Xiaomi collaborates with enterprises on China's market-regulation authorities' power battery recycling whitelist to ensure compliance with national regulatory requirements throughout collection, transportation, disassembly, and reuse.

Regarding partner networks, we have established a global e-waste recycling and disposal partnership network. For details, please refer to the Circular Economy section on Xiaomi's ESG and Sustainability website. Discarded components generated during refurbishment and repair processes are uniformly disposed of by Xiaomi, with their flow tracked to ensure disposal activities comply with environmental protection and regulatory requirements. Concurrently, we have built a battery recycling network covering the entire lifecycle and disclose battery recycling service location information on the Xiaomi EV official website. In 2026, in accordance with the newly released Interim Measures for the Recycling and Comprehensive Utilization of Waste Power Batteries from New Energy Vehicles, we will proactively implement requirements for power battery coding, digital identification, and information reporting, thereby fulfilling our extended producer responsibility.

By the end of the Reporting Period, the final recycling rate for major electronic product categories reached 97.95%²¹. Moving forward, Xiaomi will build upon its existing partnership network to continuously optimize recycling partner management and data collection mechanisms. This will progressively enhance the completeness and traceability of e-waste recycling data, further refining our global e-waste management system.

Global Refurbishment Factory and Reuse Practices

Regarding product reuse, we are advancing our refurbishment operations by testing, repairing, and remanufacturing eligible products through specialized refurbishment facilities, enabling them to re-enter the usage cycle and reduce resource waste.

21 This data comes from SK TES's 2024 ESG Report. As of the end of the Reporting Period, SK TES remained our primary supplier for end-of-life disposal services.

By the end of 2025, Xiaomi operates six refurbishment factories across different countries and regions, located in Chinese Mainland, Hong Kong, Poland, and Indonesia. The annual cumulative refurbishment volume exceeded 160,000 units, representing a 22.27% increase from the previous year. Product categories include smartphones, laptops, monitors, projectors, robot vacuum cleaners, smartwatches, electric scooters, and other electronic devices. Among these, the Chinese Mainland refurbishment facility commenced operations in 2025, primarily handling the refurbishment of ecosystem products like robot vacuum cleaners.

To ensure the safety and reliability of refurbished products, we implement stringent quality management requirements for our refurbishment operations. All refurbished products undergo 100% random inspection before leaving the factory, ensuring compliance with Xiaomi's established quality standards before entering the market.

At the system capability level, Xiaomi continuously evolves its advanced maintenance factory management system. In 2025, we further focused on critical scenarios such as serial number burning²² and inventory counting, completing process restructuring and system-level upgrades to achieve comprehensive online, data-driven, and automated control of the refurbishment process. By introducing automated verification stations in the inspection phase, we have significantly reduced manual operational errors while simultaneously enhancing refurbishment efficiency and quality consistency. This establishes a stable, replicable digital foundation for end-of-life management and scalable reuse across the product lifecycle.

2.6 Community Engagement

As Xiaomi continues to expand globally, we firmly believe that true brand growth requires more than business presence — it requires becoming part of the daily life of every community. Community engagement is central to how we demonstrate responsibility and build trust. Only by respecting local cultures and responding to genuine needs with technology can we go beyond products and become a sustainable, meaningful part of people's lives around the world.

2.6.1 Our Approach to Community Engagement

We follow the mission of "empowering public welfare through technology and advancing technology through public welfare." Across the three pillars of technology, education, and talent, we aim to create lasting momentum that fuels innovation and supports broader industry transformation.

22 "Serial number burning" refers to assigning a completely new IMEI number to a motherboard that has been repaired at the advanced maintenance factory. Since the IMEI is the device's unique identifier and must be linked to the user, a new IMEI must be written after repairs to ensure the previous user's privacy and data security.

Case Study: Donation to the Guanghua Engineering Science and Technology Award

Drawing on the Group's strong foundation in core technologies, the Xiaomi Foundation has built an integrated and sustainable model centered on technology, education, and talent development. This model forms a complete pathway — supporting higher education and cultivating young talent, empowering mid-career researchers and encouraging academic exploration, and advancing frontier technologies to drive applied breakthroughs. Together, these efforts create an end-to-end chain that links talent development with technological innovation.

In November 2025, the Foundation donated RMB55 million to the Guanghua Engineering Science and Technology Award — the highest honor in China's engineering community — to recognize Chinese experts who have made outstanding contributions in science and engineering. The Foundation also continues to support key initiatives including the Xiaomi Scholarship and Grants, Xiaomi Young Scholars, and the Beijing Natural Science Foundation. By the end of 2025, total planned donations reached RMB1.78 billion, supporting 285 fundamental research projects led by outstanding young students, 141 research teams under the "Beijing Natural Science Foundation-Xiaomi Innovation Joint Fund," 1,082 Xiaomi Young Scholars, and more than 16,000 Xiaomi scholarship recipients. Through structured, long-term investment, we continue to strengthen the broader ecosystem for talent development and scientific innovation.

We also remain committed to enhancing young people's scientific and cultural literacy. For ten consecutive years, we have operated the Xiaomi Library program, providing more than RMB6.6 million in resources. Through structured "science-enlightenment classes" and summer study-tour programs, we help nurture future talent while building a foundation for industry innovation — opening new pathways where industrial value and social value can grow together.

Case Study: Industrial Tourism — Inspiring Young Scientific Minds

The Xiaomi EV Factory is more than an integrated hub for R&D, production, and sales — it also serves as an open industrial science-education platform. By transforming the production line into an immersive industrial-tourism experience, visitors can witness the full, highly automated manufacturing process of Xiaomi EVs. A highlight is Xiaomi's HyperCasting process, which consolidates 72 traditional stamped parts into a single integrated rear underbody in just 100 seconds, supported by an AI-powered X-ray inspection system. These real-world demonstrations allow visitors to appreciate the precision and efficiency of smart manufacturing — making advanced technology visible, tangible, and easy to understand.

To meet growing demand for educational visits, the Xiaomi EV Factory launched the "Science Classroom" industrial science-education program for young students. Leveraging smart-manufacturing and new-energy vehicle technologies, the program transforms the production line into an open, real-world learning environment that integrates tours, lectures, and hands-on activities. The curriculum covers topics such as the history of automotive development, Xiaomi's EV color philosophy, digital design logic, and the principles of aerodynamics. By comparing human perception with a car's technological "superpowers," and through a creative "Imagine 2050" activity, the program encourages children to envision the future of mobility and inspires interest in scientific thinking, engineering, and automotive R&D. During its 2025 pilot phase, the program delivered 18 sessions, partnered with 9 primary and secondary schools, and served 674 students, earning highly positive feedback from the community.

Case Study: Creating With Children — Growing Through Art and Imagination

Focusing on children's development and family well-being, we design creative activities that offer both educational value and emotional warmth for employees' children and Xiaomi EV owner families. In 2025, we launched the "Little Car Doodler" parent-child program, inviting families to visit the factory and tech exhibition hall, attend a workshop on the history of automobiles, and create 3D car-model artwork — turning children's sense of color and design into real creations. At the annual "Mi Star Night" showcase, employees and their children joined a parent-child runway show. The children's outfits were adapted by professional designers from award-winning works in Xiaomi's national "Mi Star Cup — Co-Creation with Childlike Hearts" art competition, giving young creators a vibrant stage to express their artistic talent.

Beyond our internal programs, Xiaomi continues to explore how a technology company can support cultural preservation through sincere, thoughtful, and long-term actions. We use technology as a bridge and co-creation as a method, ensuring that cultural memories can be seen, understood, and carried forward in a broader social context.

Case Study: “Symbiosis” Photography Exhibition — Connecting Culture and Community

Xiaomi sees imagery as a powerful medium linking society, technology, and culture. In 2025, as part of our premium imaging strategy, we launched the “Symbiosis” photography exhibition across ten locations including Beijing, Wuhan, Shanghai, Shenzhen, Nanjing, Xi’an, and Nanping Village. Through photographic art, the exhibition explored themes such as rural revitalization, local memory, and education support, complemented by a photographer-in-residence program. By turning photography into both artistic expression and a record of the times, the project has evolved into a lasting cultural platform — supporting cultural preservation and community connection across workplaces and local communities.

Case Study: Community Co-Creation — From Industrial Support to User Connection

To support rural livelihoods and local industries, Xiaomi carried out targeted initiatives in Lancang Lahu Autonomous County in Pu’er, Yunnan. We donated smart large home appliances such as air conditioners, refrigerators, and washing machines, along with full delivery, removal, installation, and tuning services. We also adopted 250 mu of a poverty-alleviation coffee plantation and produced 100,000 gift boxes of its high-quality beans, which were shared for free through more than 2,000 Xiaomi Stores nationwide. This “gift from the countryside” allowed users across China to experience the flavor of Lancang, building a warm connection between rural communities, our brand, and our users.

Globally, we aim to reach more markets through honest pricing and a broad product portfolio. With highly efficient operations, we help ensure that users in remote areas can access information, education, and entrepreneurial opportunities at an affordable cost.

- In the Philippines and Vietnam, many young people purchase REDMI smartphones through installment plans. With reliable performance and high-quality cameras, they run cross-border e-commerce businesses on TikTok and Shopee or work as delivery riders on platforms like Grab — enabling flexible employment and digital income.
- In Peru and Chile, Xiaomi partners with local NGOs to provide tablets and smartphones to students in remote mountain regions. Even where 4G signals are weak, the durability and value of Xiaomi devices support government Remote-Education Programs and help advance education equity.
- In parts of Africa where electricity is unstable, Xiaomi power banks, Mijia LED smart lighting, and long-battery-life low-power devices have become essential tools for maintaining daily life and reliable connectivity.

2.6.2 Xiaomi Fans and Community Engagement

Xiaomi embraces “co-creation and shared social good” as the core of its public-welfare philosophy. Through the Xiaomi Charity Platform, we connect internal expert teams, Xiaomi fans, and EV owner communities to build an open, collaborative, and sustainable framework for social participation.

Each year, the Xiaomi Foundation hosts Xiaomi Fans Charity Month both online and in person, exploring innovative ways to strengthen public participation in charitable initiatives. By the end of 2025, a total of 99 activities had been organized — including programs supporting children in adversity, rural revitalization, environmental protection, and disaster-risk reduction — with 2,634 volunteer engagements. These sustained efforts help create a warm and lasting force for social good.

Case Study: Xiaomi Fans as Reading Companions

In spring 2025, the 19th cohort of the Teach For China Reading-Mentor Program recruited volunteers. Forty-five Xiaomi fans signed up through the Xiaomi Charity Platform, and seven were selected. Over two months of shared reading with children in remote regions, volunteers and students encouraged one another and experienced meaningful mutual growth.

Case Study: Xiaomi EV Owners’ Clubs — Driving Warmth Forward

Xiaomi EV owners’ clubs — spontaneously formed by drivers across cities such as Beijing, Hangzhou, Shenzhen, Hefei, Zhengzhou, Datong, and Nanjing — actively participate in Xiaomi’s signature public-welfare initiatives. Through charitable donations, volunteer teaching, and charity sales, they bring warmth to the community while promoting technology. In Hefei, the owners’ club developed a dedicated charity-auction mini-program, raising over RMB6,000 in auction proceeds, RMB9,000 in cash donations, and securing more than RMB40,000 worth of winter supplies, stationery, and Xiaomi ecosystem gifts from partner organizations. In December 2025, a convoy of 20 Xiaomi EVs traveled more than 500 kilometers to Nanping and Jingde, delivering donations and supplies to children and ensuring they had a warm, supported winter.

3. Open Ecosystem and Industrial Co-Prosperity

As the “Human × Car × Home” ecosystem continues to integrate and evolve, Xiaomi’s technology system has progressed from isolated capabilities to a complex system characterized by cross-device and cross-scenario collaboration. In response to increasing technological complexity, expanding application boundaries, and multiple requirements related to safety, energy efficiency, and compliance, we regard collaborative co-development as the core mechanism supporting the long-term stability and evolution of the system. The technology ecosystem built by Xiaomi is essentially a collaborative system centered on platform openness, capability co-development, and shared responsibility. By connecting our engineering capabilities with external innovation resources, we continuously enhance the scalability, resilience, and governability of our technology systems, establishing a solid foundation for large-scale innovation and sustainable development.

The table below summarizes the materiality assessment results for this chapter, highlighting the significant impacts, risks, and opportunities associated with the topics covered.

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Sustainable Supply Chain Management	Inadequate governance may lead to high carbon emissions, resource consumption and pollution risks in the upstream supply chain, while supplier employees may also face issues such as infringed labor rights, excessive working hours and human rights violations, which are particularly prominent in high-risk regions.	Negative Impact	Value Chain
	Improper management of social and environmental issues in the supply chain may give rise to financial and reputational risks including failed client audits, increased compliance pressure, disrupted cooperation and brand reputation damage.	Risk	Value Chain
	Leveraging supplier management, digital collaboration and global delivery capabilities accumulated through consumer electronics and ecosystem businesses, Xiaomi can replicate such capabilities to our smart EV and smart large home appliance businesses, reducing governance costs and improving overall operational efficiency and management consistency across the Group.	Opportunity	Own Operations
	By proactively integrating supply chain ESG due diligence requirements and data management into product development and procurement decisions, Xiaomi can jointly promote low-carbon materials and green manufacturing, help ensure stable delivery and quality improvement, and transform a responsible supply chain into product competitiveness and supply chain resilience.	Opportunity	Own Operations

3.1 Partner Collaboration and Technology Ecosystem Development

3.1.1 Open Technology Ecosystem

We firmly believe that only by working together with industry partners can open-source technologies truly take root and empower a wide range of industries. Therefore, we continue to deepen the development of an open-source ecosystem centered on technological breakthroughs, building a shared future of collaborative innovation.

Openvela Open-Source Developer Platform

Based on the open-source real-time operating system NuttX, we developed the lightweight AIoT operating system openvela, which has been fully open-sourced on GitHub, Gitee, and GitCode. By encouraging chip manufacturers to open underlying capabilities, device manufacturers to share application scenario requirements, and application and service providers to jointly expand innovative scenarios, Xiaomi promotes participation from diverse ecosystem stakeholders in the openvela community. Through mechanisms such as technology sharing, demand alignment, and joint problem-solving, collaboration is facilitated, enabling technological innovation to evolve from isolated exploration to ecosystem-wide collaboration.

Since its open-source release, the openvela community has demonstrated a high level of activity and external participation. Within the first year of open sourcing, the community received more than 7,000 code contributions, with over 60% coming from developers outside Xiaomi. This indicates that the platform has evolved from a project led by a single company into a collaborative technology platform involving developers worldwide, demonstrating the broad recognition of openvela's technological value and open-source philosophy. By the end of 2025, openvela had enabled more than 1,500 product categories, with over 160 million devices running the system and more than 100 global ecosystem partners participating. In addition, openvela has been adapted for 380 chip platforms and development boards, enabling developers to rapidly build AIoT products across diverse smart hardware such as Xiaomi AI glasses, smartwatches, earbuds, and central control displays, significantly lowering development and large-scale deployment barriers and demonstrating its maturity in cross-scenario adaptation.

At the same time, to help developers, universities, and ecosystem partners better utilize the openvela system, we organized a series of activities including the Xiaomi Open Source Summit and OpenAtom Campus Tour, the openvela Global Developer Conference, and openvela Workshops and training sessions. These initiatives focus on building precise platforms for supply-demand collaboration, further promoting the deep integration of open-source technologies with industry. In terms of open-source governance, Xiaomi completed 11 open-source compliance business consultations and 30 project reviews during the year, continuously strengthening the foundation of open-source compliance and ensuring that technological innovation progresses on a standardized and sustainable path.

CarloT Ecosystem Collaboration

To address issues such as inconsistent interface standards and insufficient ecosystem compatibility that limit collaborative innovation and large-scale development in vehicle intelligence, we actively promote the standardization of vehicle-side interfaces and the openness of the ecosystem in Car Internet of Things (CarloT) scenarios. We invite more vehicle manufacturers and ecosystem partners to join the Xiaomi ecosystem to expand consumers' choices for in-vehicle devices.

In practice, we promote orderly opening of CarloT interfaces by defining clear interface opening rules and boundaries, enabling ecosystem partners to collaborate under a unified technical framework. We also actively promote consensus on interface standards between our suppliers and vehicle manufacturers. After filing with Xiaomi, relevant suppliers may share interface drawings and necessary intellectual property (IP) with authorized vehicle manufacturers and support both parties in independently reaching supply agreements. This approach promotes interface collaboration while respecting each partner's independent business decisions.

In 2025, the scale of the Xiaomi CarloT ecosystem continued to expand. By the end of the Reporting Period, partnerships had been established with nine vehicle manufacturers. To further deepen ecosystem collaboration, we advanced cooperation along two dimensions. First, we enhanced the depth of collaboration by opening the Mijia App to partner vehicle manufacturers, enabling deeper integration into the Xiaomi ecosystem and enabling "two-way interconnectivity between car and home" — car-initiated home device control and home-initiated vehicle control, significantly expanding the application scenarios and collaboration potential of CarloT products. Second, we expanded the breadth of cooperation by establishing communication platforms between industry developers and vehicle manufacturers through events such as the Xiaomi "Human × Car × Home" Partner Conference and Vehicle Manufacturers Technology Day, continuously promoting collaboration models and increasing the industry influence of interface standards. These initiatives have effectively promoted simultaneous improvements in ecosystem scale and collaboration quality.

Whole-Home AI Open Source Collaboration

As the intelligent hub of the "Human × Car × Home" ecosystem, *Xiaomi Miloco* fully leverages the Xiaomi MiMo foundation model to enable full-modal perception and understanding across visual, voice, and sensor signals, reconstructing the paradigm of AI agents and creating a proactive intelligent assistant for home scenarios.

At the level of industry ecosystem influence, leveraging *Xiaomi Miloco*'s open-source technologies, we led the initiation and drafting of the industry standard "IoT Agent Whole-Home Intelligent Application Scenarios and Technical Requirements" through the China Communications Standards Association IoT Subcommittee (CCSA TC10) platform. This initiative accelerates the design of innovative home-intelligence scenarios such as natural language interaction, visual perception linkage, and dynamic reasoning, driving the home industry's transition from device connectivity to AI-agent-driven proactive services. In 2025, *Xiaomi Miloco* was first showcased at the "Human × Car × Home" Conference, and it was also presented globally through international exhibitions such as the Mobile World Congress (MWC) and the Appliance & Electronics World Expo (AWE), demonstrating China's innovative AIoT practices to the world. In the future, *Xiaomi Miloco* will continue to advance the implementation of standards and co-development within the open-source community, working together with global ecosystem partners to define intelligent living in the AI era.

3.1.2 Open Co-Creation Among Industry, Academia, and Research

Through systematic industry, academia, and research collaboration, Xiaomi connects the frontier research capabilities of universities and research institutions with engineering practice needs, strengthening reserves of key technologies and the transformation of research outcomes. At the same time, we actively participate in the joint development of industry standards, building industry consensus and promoting technology mutual recognition, thereby providing systematic support for the sustainable innovation and coordinated development of the “Human × Car × Home” ecosystem.

Technical Collaboration and Research Initiative

Xiaomi conducts systematic technical cooperation with universities and research institutions driven by clearly defined technical needs and engineering objectives. In 2025, the Group carried out more than one hundred industry, academia, and research collaboration projects covering core businesses such as smartphones and EVs as well as functional units such as technical committees, focusing on key technology areas including AI, hardware systems, and operating systems.

These collaboration projects are advanced in phases according to technology maturity and business development cycles. Some technological outcomes have already been launched or are about to be applied in operating systems, smart terminals, EVs, and internal intelligent tools, demonstrating how industry, academia, and research collaboration bridges the gap between engineering transformation and real-world applications. Products already launched include Xiaomi HyperOS, Xiaomi EVs, Xiaomi flagship smartphone series, and the Store Assistant Copilot project.

Case Study: Co-creation of Key Materials

The dual demand of new energy vehicles for extreme safety and efficient range places traditional vehicle body materials in a fundamental trade-off between safety enhancement and lightweight design. The industry urgently requires revolutionary high-strength materials to redefine vehicle safety boundaries while enabling lightweight structures. In response, Xiaomi collaborated with academician teams from universities and materials research institutions, leveraging self-developed AI models to support materials innovation. Together we successfully developed and mass-produced a world-leading 2,200 MPa ultra-high-strength steel, breaking through the technological limits of material strength and toughness. This material has been applied in key anti-collision structures of vehicle bodies, providing “fortress-level” safety protection for passenger cabins while also supporting vehicle lightweighting, thereby balancing both safety and driving range requirements.

This practice has established an integrated “industry, academia, and research application” innovation loop: academician teams provide frontier theoretical research, materials research institutions conduct laboratory development and validation, and Xiaomi defines requirements from the vehicle system perspective while leading design validation and mass production implementation. The tripartite collaboration forms a positive interaction model connecting industry, research, and academia at the forefront of industrial development, serving as a vivid example of the deep integration of technological innovation and industrial innovation.

Building on routine technical collaboration, in 2025 we continued to advance the “Xiaomi Open-Competition Research Program”, introducing a more open and problem-oriented collaborative mechanism. The initiative addresses real technological challenges within the industry by seeking technical exchanges and collaboration with universities, creating platforms for outstanding young scholars to engage in industry, academia, and research cooperation and frontier research exchange, while also providing continuous input for forward-looking technology reserves and talent development. During the year, the initiative engaged nearly one hundred universities and research institutes. After multiple rounds of technical exchange, 65 selected proposals covering 49 research topics were confirmed. The resulting outputs include technological applications, forward-looking technology reserves, academic publications, and talent development, providing continuous input for Xiaomi’s future technological evolution.

Joint Research and Talent Development

To support long-term collaborative research, Xiaomi continues to establish university-level partnerships and joint laboratories. In 2025, Xiaomi established more than ten new joint laboratories or university collaboration platforms focusing on key areas such as AI, operating systems, and hardware systems. These platforms serve as long-term research infrastructure supporting continuous research, joint talent cultivation, and technical validation, and their outcomes have gradually been applied to our products, platforms, and manufacturing systems.

In terms of talent and knowledge output, university collaboration projects have generated patent applications, academic publications, and talent conversion outcomes such as internships and full-time employment, becoming an important supplementary channel for Xiaomi’s technology talent pipeline. In addition, Xiaomi’s postdoctoral research workstation leverages the Group’s engineering and industrialization advantages and collaborates with multiple universities through a dual-supervisor training model, continuously strengthening capabilities in frontier technology research and research outcome transformation.

Industry Association Membership and Standard Participation

Using standardization innovation as a link and ecosystem alliances as carriers, Xiaomi promotes the transformation of the industry from “technology competition” toward “standard collaboration and ecosystem co-prosperity.” This not only strengthens the standardized foundation of Xiaomi’s “Human × Car × Home” strategy but also contributes practical models for the green, safe, and sustainable development of the broader industrial chain.

In terms of standard innovation, Xiaomi led the development of dozens of national, industry, and association standards in 2025 aligned with the strategic needs of the “Human × Car × Home” ecosystem, while also participating in the formulation of hundreds of additional standards. These standards cover key areas such as mobile smart terminals, smart cabin, and smart home interoperability, forming a standardized closed loop of “technology R&D — standard transformation — ecosystem implementation — value sharing.”

Regarding standard influence, Xiaomi actively participates in major global industry standards organizations and related industry groups to promote industry prosperity. Internationally, we participate in leading standards organizations including 3GPP, IEEE 802.11, and ITU-T, contributing technical solutions and expertise in key areas such as 5G evolution, Wi-Fi 7, and H.266, and promoting coordinated global industry development. Domestically, we deeply participate in organizations including the China Communications Standards Association, the Telecommunications Terminal Industry Forum, the National Information Technology Standardization Technical Committee, the National Automotive Standardization Technical Committee, and the National Household Appliance Standardization Technical Committee, holding several key leadership roles in standards development and promoting the healthy development of industries related to the "Human × Car × Home". During the year, Xiaomi also joined the Ellen MacArthur Foundation, a leading global authority in the circular economy field, to collaborate on key minerals management and sustainable resource utilization and jointly explore systemic sustainability solutions.

In terms of building standard ecosystem alliances, Xiaomi adheres to the philosophy of "openness, collaboration, and mutual benefit." Together with more than 130 organizations across the industrial chain, we established the Smart Connectivity Standard Ecosystem Alliance. The alliance has created a standardized ecosystem system spanning "joint formulation → collaborative R&D → testing and validation → implementation of outcomes". Focusing on areas such as smart cabin, on-device AI, interoperability, privacy protection, and human factors engineering, by the end of 2025, the alliance had jointly developed more than 40 association standards, organized over 50 technical standards exchange and discussion activities, and engaged more than 200 enterprises, helping member companies reduce costs and improve efficiency.

3.2 Sustainable Supply Chain Management

The global supply chain is undergoing a historic inflection point, shifting from decades of predictable integration to structural volatility. Regulatory frameworks across different markets are evolving from basic administrative compliance thresholds to structural design variables that reshape industrial geography, technological pathways, and value-chain transparency. Given the significant differences in risk profiles across business segments, Xiaomi ensures reliable global market access and supply resilience through a unified global compliance baseline and a tiered governance framework that is adapted to the operational and regulatory context of each business.

3.2.1 Governance and Policy

Governance Structure

Xiaomi has developed a supply chain governance system that places clear emphasis on decision-making authority and execution capability. The Board exercises the highest level of decision-making authority over supplier ESG compliance assurance and improvement programs, overseeing their implementation. The governance structure is designed around clear decision-making mechanisms and specialized execution units, ensuring discipline, efficiency, and quality even as the business continues to scale.

Group Level: The Group has established a Procurement Management Committee composed of general managers of each business, key departmental leaders, and supply chain heads. The Committee is responsible for approving major procurement decisions and onboarding new suppliers. It has established mandatory compliance requirements covering human rights due diligence, occupational health and safety, information security, environmental management, and business ethics. Through these expectations, Xiaomi guides global partners to embed social responsibility and environmental protection into their operational processes, jointly building a resilient and sustainability-oriented innovation ecosystem.

Business Level: Execution is tailored to the operational and regulatory context of each business. Based on their respective supply chain structures and critical risk points, different business units translate the unified compliance baseline into actionable risk-management inputs, audit requirements, performance evaluation mechanisms, and rectification-tracking processes. This ensures scenario-appropriate management of risk exposure and supply chain complexity across all business.

Within individual business segments:

- The smartphone business adopts a collaborative management model between the Procurement Committee and functional departments, ensuring that decision-making remains closely connected to frontline operations. By strengthening management of supplier engagement, delivery assurance, CSR performance, and operational results, the business achieves alignment between cost efficiency and supply resilience.
- In the smart EV business, the supply chain operations team and the quality team jointly advance supplier management, incorporating product quality reliability and large-scale delivery capability as core evaluation criteria at the onboarding stage to build a more stable and resilient supply system.
- The smart large home appliances business also maintains deep cooperation between supply chain management and quality teams, establishing a closed-loop system of “front-end planning, mid-end assurance, and back-end adaptability.” For labor-intensive supply chain partners, the business systematically identifies, evaluates, and manages key risks related to labor practices, quality consistency, delivery stability, and operational resilience.

Policies and Training

Xiaomi defines shared values and behavioral expectations for its global suppliers through a series of stringent governance policies. With reference to widely adopted international frameworks, including the Responsible Business Alliance (RBA) Code of Conduct, the OECD Guidelines for Multinational Enterprises, the United Nations Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights, the Group has established unified responsible procurement policies, such as the Supplier Code of Conduct and Integrity Agreement. These policies cover five dimensions: labor rights, health and safety, environment, business ethics, and management systems, and are contractually embedded into procurement processes across all business. During the year, Xiaomi achieved a 100% signing rate for the Supplier Code of Conduct, the Integrity Agreement, or other equivalent contractual documents among all Tier-1 suppliers.

General Audit Toolbox: For strategic resources such as critical minerals and battery materials, as well as quality and safety-related topics, Xiaomi continuously incorporates regulatory requirements and industry tools, including the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT), into internal audit criteria and assessment indicators. The toolbox is regularly updated to reflect evolving regulatory expectations and changes in risk conditions.

Internal Capability Building: During the year, the smartphone supply chain team conducted more than 60 internal training sessions covering supplier management, CSR management, and related topics, resulting in over 3,400 cumulative participants. The smart EV supply chain team achieved a 100% completion rate in internal sustainable procurement training and conducted continuous anti-corruption training for personnel in key positions. The smart large home appliances supply chain team also established standardized training and role-certification systems to enhance frontline employees' operational consistency, on-site management skills, and continuous improvement awareness.

Supplier Training and Support: Xiaomi collaborates with third-party experts to provide ESG training for suppliers, including briefings on regulatory requirements in relevant fields. The training systematically outlines key pathways for identifying and mitigating forced labor risks within the supply chain, helping suppliers understand and implement human rights and labor-related due diligence practices within their own operations and upstream networks.

3.2.2 Supplier Selection and Onboarding

At the supplier onboarding stage, Xiaomi adopts a risk-based approach. Depending on business characteristics, material criticality, process complexity, and the regulatory context, we apply stricter verification intensity and more rigorous admission criteria. We have established an onboarding review mechanism that covers qualification verification, social and environmental due diligence, assessments of quality and delivery capabilities, and contractual commitments. Priority is given to managing critical topics such as critical minerals, battery materials, and product safety, so that key risks related to human rights, the environment, quality, and supply continuity are identified, verified, and constrained at the earliest stage of cooperation.

This year, Xiaomi's supply chain risk assessment covered several dimensions, including geopolitical and regulatory stability risks, industry-level technology barriers and market volatility, as well as credit, legal, and financial risks. Supported by a systematic set of risk-trigger mechanisms and documentation verification modules, the Group maintains real-time monitoring of legal compliance and reputational risks to ensure the stability and continuity of its global operations.

3.2.3 Risk Management and Planning

Xiaomi regards supply chain resilience management as a core asset. By building a resilience governance system that combines end-to-end mapping, real-time monitoring, and scenario-based contingency planning, we integrate risk due diligence, intrinsic product safety, and supply continuity into a unified framework. This reduces vulnerabilities arising from dependence on a single region, a single technology pathway, or critical external partners, and establishes a dynamic, lifecycle-wide monitoring and closed-loop mechanism driven by digital early-warning, risk prioritization, and agile response.

In 2025, Xiaomi's smartphone business became one of the first in the industry to obtain two international certifications in parallel: ISO 28000 for supply chain security management and ISO 22301 for business continuity management, and an ISO 31000 conformity statement for risk management.

Risk Mapping

This year, Xiaomi anchored its risk assessment and prioritization efforts in the core scenario of product quality and safety. We ranked risks associated with key suppliers and critical nodes by considering factors such as material criticality and substitution difficulty, the severity and likelihood of potential impacts, and the transparency and traceability of different supply chain tiers. For high-priority risks, we developed scenario-specific action plans covering prevention, monitoring, mitigation, emergency response, correction, and remediation. Trigger conditions, roles and responsibilities, rectification requirements, and verification evidence were embedded into procurement and engineering collaboration processes, ensuring that risk responses are traceable, verifiable, and replicable.

For climate-related risk planning, Xiaomi uses a clearly defined time horizon to conduct systematic assessments. Physical risks are analyzed for three milestones: 2030, which is aligned with international climate goals; 2050, which references net-zero ambitions; and 2080, which considers cumulative long-term impacts. Transition risks are assessed for 2030, 2040, and 2050, capturing the potential effects of policy, technology, and market changes. At the same time, we continuously monitor emerging risks and recognize that increasingly stringent policies, such as the European Union's climate strategy and China's emissions trading scheme, may lead to additional compliance costs. This approach enables us to anticipate potential impacts in advance and implement proactive responses.

Risk Triggers and Monitoring

Against the backdrop of global supply chain restructuring, Xiaomi remains committed to building a safe and sustainable global supplier ecosystem that is open, compliant, and resilient. On this foundation, we recognize and actively respond to fluctuations in supply chain risks.

External triggers: We monitor regulatory and geopolitical risks by continuously incorporating policy changes, trade dynamics, and geopolitics into our risk-management framework. When an external risk is triggered, we conduct impact assessments and trace through relevant materials, suppliers, and sourcing locations.

Internal triggers: We identify systemic risks through indicators such as quality anomalies, delivery fluctuations, and loss of process control in critical manufacturing stages.

Structural triggers: We regularly review structural vulnerabilities related to supplier concentration, import dependency, and dependence on critical equipment or processes. Where necessary, we conduct scenario analysis, including simulations of single-point failures, price volatility, embargoes, and delays.

Natural disaster monitoring: Our digital systems integrate real-time data on earthquakes, typhoons, and other natural disasters to assess their potential impact on global supplier locations and logistics routes, enabling early preparation of emergency plans.

This year, to enable more agile supply-continuity responses, the smartphone, smart EV, and smart large home appliances businesses established direct digital connections with the production data of suppliers, including Tier-1 suppliers and key Tier-2 component suppliers. The smart EV business developed a Supply Chain Value Stream Center (SVC) platform that integrates manufacturing processes with risk-management objectives. This system enables full traceability of critical characteristics and supports end-to-end risk visibility. It can forecast supply risks up to 14 days in advance, achieving an early-warning accuracy rate of 92%.

Mitigation and Response

Xiaomi believes that true supply chain resilience does not stem from simple physical redundancy, but should be embedded in advanced digitalization and more intelligent coordination across the industrial value chain.

AI-agent-driven process integration: We apply AI agents to integrate complex operational processes, enabling simulation of order increases or reductions and early-stage demand identification. Through algorithm-based evaluation, the system automatically identifies supply-demand imbalances to prevent material overstock or shortages caused by demand fluctuations.

Geopolitical risk mitigation: To address disruptions arising from global supply chain restructuring, the smart EV business adopts a “Local for Local” strategy as part of its supply-chain resilience efforts. In preparation for entering the European market in 2027, Xiaomi also evaluates actions required to meet local compliance expectations across the EU.

Mitigating quality fluctuations: The smart EV business deploys cross-functional teams from operations, engineering, and quality to work closely with suppliers. By sharing industrialization practices and digital capabilities, including the Xiaomi Hyper Intelligent Manufacturing Platform, we reduce delivery and quality-related risks at the source. This year, 35 supplier partners adopted this collaboration model, with 8 more preparing to begin implementation.

Flexible production response: We strengthen supply continuity by coordinating global logistics and ensuring end-to-end delivery assurance, which enables agile production scheduling and supply chain adjustments. This flexible and lean approach allows us to better accommodate demand fluctuations. For climate-adaptive products such as heaters and fans, coordinated forecasting between supply chain teams and sales enables flexible manufacturing models that respond effectively to changing demand, reducing the impact of demand volatility on delivery stability.

3.2.4 Due Diligence

We recognize that true supply chain security relies on deep visibility across the entire value chain. Xiaomi is committed to establishing a due diligence system that spans multiple business segments and covers every stage from raw materials to manufacturing. We continue to advance just transition²³ across the supply chain to ensure that every delivery is anchored in responsibility and transparency.

23 Refer to supporting suppliers and their workers in addressing transition challenges — including environmental and human rights dimensions — through oversight, dialogue, and capacity building, thereby protecting the rights of workers and communities.

Annual Audits

Smartphone business: In 2025, we made significant revisions to our CSR audit template, adding 13 key indicators across 8 new dimensions, including forced labor screening, water-resource monitoring, and fire-safety acceptance. Based on the CSR risk assessment results from last year, high-risk suppliers were included in the on-site audit plan for the following year. All newly onboarded Tier-1 and critical Tier-2 suppliers underwent full on-site compliance audits this year. In total, 56 suppliers, including both newly onboarded and existing suppliers, completed CSR on-site audits. By the end of the Reporting Period, general issue rectification reached a completion rate of 80%, and remaining items will continue to be followed through until fully closed.

Smart EV business: In 2025, Xiaomi EV initiated its first round of supply-chain due diligence, focusing on core suppliers with high procurement value and strong strategic relevance. The assessment covered key components including power batteries, aluminum materials, body structures, electric-drive systems, electronic components, seats, and sealing systems. The review prioritized topics such as environmental compliance, labor rights, occupational health and safety, business ethics, energy and carbon-data management, and responsible sourcing of critical materials.

Findings from the 2025 review indicate that the assessed suppliers demonstrated solid foundational capabilities in ESG governance, with generally strong performance in environmental and safety management and no major red-line issues identified in labor-rights-related areas. However, notable disparities remain among suppliers in climate governance, information disclosure, carbon-data responsiveness, and upstream traceability of critical materials. Among the sampled suppliers, approximately 67% had set climate targets, and around 75% reported the use of green electricity at their production facilities supplying Xiaomi.

Ecosystem business: A tiered compliance-management approach is applied across our extensive ecosystem supplier network. We conduct audits based on material criticality, and CSR on-site compliance audits achieved full coverage for all Tier-A and Tier-B key component suppliers and manufacturing partners.

Rectification Support

Suppliers are required to submit timely rectification plans for issues identified during audits. Xiaomi provides support through on-site corrective guidance, formal rectification recommendations, tools and resources, and follow-up verification. For any red-line violations, if a supplier fails to complete the required rectification within the specified timeline, Xiaomi will initiate termination procedures.

In the smartphone supply chain, we apply category-based management for issues identified during audits. Red-line violations trigger an immediate “red flag” process, requiring suppliers to provide rapid feedback after the audit, followed by bi-weekly progress reports on corrective actions. General issues are monitored on a monthly basis. This year, Xiaomi provided expert guidance for suppliers with slower progress, conducting more than 60 targeted coaching sessions to support the development of compliance pathways, such as preparing for the EU Regulation on Prohibiting Products Made with Forced Labour.

We also initiated the development of the Supply Security Platform to support full digitalization and closure of CSR-risk rectification processes. The platform includes four core modules: risk triggering, risk alerts, handling feedback, and documentation verification, ensuring completeness and traceability of all rectification evidence. The platform is expected to be fully built and operational in 2026.

Grievance and Remediation

Xiaomi is committed to establishing a transparent and fair mechanism for communication and remedy. Through formalized procedures, we ensure that stakeholders across the value chain receive timely responses and support when risks or adverse events occur.

Institutionalized risk-control requirements: Xiaomi's Supplier Code of Conduct requires all partners to designate dedicated company representatives responsible for identifying and managing ESG risks, ensuring effective implementation of management systems and related plans. We mandate anonymous reporting and protection mechanisms as core compliance criteria, encourage employees to report misconduct or health concerns, and strictly prohibit any form of coercion, inducement, or retaliation.

Assessing potential adverse impacts: As part of supply chain social-impact management, Xiaomi thoroughly evaluates the potential negative consequences of terminating supplier relationships and takes proactive mitigation measures where necessary. This principle is applied in decision-making for high-risk suppliers to ensure that corrective actions do not create new systemic risks.

Case Study: Business Practice

Smart large home appliances business: For labor-intensive production stages within the supply chain, a real-time working-hours recording system has been implemented to ensure data transparency and traceability. A dedicated working-hours grievance channel has been established, enabling employees to submit objections regarding attendance records. An independent department consolidates anomalies on a monthly basis and intervenes promptly to safeguard labor rights.

Ecosystem business: Across Xiaomi's extensive ecosystem supplier network, we continue to encourage Tier-1 suppliers to extend responsible-sourcing requirements to Tier-2 suppliers and upstream partners. When adverse impacts occur, Xiaomi not only oversees corrective actions but also engages independent third-party audit institutions when necessary to conduct root-cause investigations and support the implementation of remediation measures. All remedies are required to align with the standards of the International Labour Organization (ILO) and applicable local laws.

3.2.5 Just Transition and Value Co-Creation

The long-term stability of the supply chain depends on the collective evolution of the broader value ecosystem. Xiaomi supports a just transition by sharing its intelligent manufacturing standards, methodologies, data-governance capabilities, and engineering expertise with suppliers to extend efficient and intelligent industrial capabilities across the value chain. This approach ensures that resilience and competitiveness are built collaboratively, without eroding supplier margins or shifting risks to the supply chain.

Smartphone Business

Xiaomi works with supplier partners under a shared technology-roadmap approach, securing long-term technological leadership and supply resilience across economic cycles.

Joint R&D mechanism: For the *Xiaomi 17 Series*, Xiaomi collaborated with core display panel suppliers on joint R&D and mass-production integration. In July 2025, the second phase of the joint laboratory in Wuhan was launched, completing a full closed-loop mechanism for joint innovation and capacity alignment. This enables an end-to-end pathway from preliminary research on emitter materials to validation and mass production. In December 2025, we upgraded the Global Imaging Strategic Cooperation between Xiaomi and Leica. Building upon the highly productive “Joint R&D” foundation, we introduced a new “Strategic Co-creation Model”, jointly driving a comprehensive upgrade of the mobile imaging value chain.

Breakthrough display technologies: This year, we deployed the latest generation of emitter materials, 3500-nit peak brightness, and Real RGB (super-pixel arrangement) on our flagship smartphone models. Through full RGB independent sub-pixel design, we achieved visual sharpness comparable to 2K resolution while significantly reducing power consumption, delivering an engineering solution that combines premium display performance with exceptional energy efficiency.

Smart EV Business

The smart EV supply chain is highly complex, and critical components have stringent reliability requirements. Xiaomi collaborates closely with suppliers through concurrent engineering and industrialization models, enabling breakthrough innovations across multiple technical domains while strengthening certainty during large-scale delivery phases.

Capability enhancement: For suppliers of complex components across 8 technical domains, covering battery systems, electric drive, electronic control, smart cabin, assisted driving, chassis, and thermal management, Xiaomi deploys cross-functional teams from operations, manufacturing, engineering, quality, and supply chain functions to work on-site with suppliers. This model enables deep coordination and supports systematic upgrades in partners’ quality, manufacturing, and management capabilities. This year, shadow teams and end-to-end management practices were established with 3 key component suppliers.

Transparent partnerships: Xiaomi builds long-term partnerships grounded in transparency. Working together with suppliers, we develop efficient supply chain systems, identify improvement opportunities through value-stream mapping (VSM), and jointly address technical and quality bottlenecks. Collaboration replaces adversarial dynamics, and trust becomes the basis for efficiency gains.

Joint talent development: Xiaomi integrates talent development into the supply chain system by establishing structured training mechanisms that support continuous skills advancement for employees working on Xiaomi projects. Their capability growth is aligned with production scale and technical complexity. This year, one-to-one pairing models between Xiaomi engineers and technical staff from 3 key component suppliers were established.

Case Study: Empowering Suppliers to Drive Technological Innovation

Xiaomi worked closely with its air-suspension supplier to deliver a breakthrough in performance, energy efficiency, and sustainable operations, representing a paradigm shift achieved through deep collaboration.

Breakthroughs in both performance and safety: Together, Xiaomi and its supplier jointly defined the vehicle's dynamic chassis-control logic, enabling active ride-height reduction during high-speed driving. This intervention significantly reduces aerodynamic drag and extends the vehicle's electric-driving range. The system also meets the automotive functional safety level, ASIL-B, and demonstrates enhanced stability under extreme conditions through real-time simulations involving high voltage, high temperatures, and complex road environments.

End-to-end collaboration to overcome technical bottlenecks: Xiaomi deployed cross-functional teams covering operations, manufacturing, and quality to work onsite with the supplier throughout the entire lifecycle, from early-stage development and production-line planning to mass-production ramp-up and after-sales feedback. This deep collaboration enabled both parties to resolve key technical challenges related to air-spring sealing performance and consistency, ensuring the smooth transition of innovation from concept to implementation.

Smart Large Home Appliances Business

In the smart large home appliances business, Xiaomi shares its accumulated methodologies in intelligent manufacturing, data governance, process optimization, and user insights with partners. This enables traditional manufacturing processes to transition from experience-driven models to standardized, digitalized, and high-quality operations. Together with our partners, we pursue joint progress in efficiency, technology, employee well-being, and environmental performance.

High-precision sensing for energy savings: The air-conditioning business has engaged in deep collaborative innovation with a leading sensor supplier to jointly develop the industry's first dual millimeter-wave radar module designed for home-use scenarios. The module combines two 24 GHz radar beams to achieve 180-degree horizontal coverage of an entire room. With customized software algorithms, it improves multi-target detection accuracy and reliability for human presence in complex indoor environments, including static and micro-movement states. Enabled by this sensing capability, the air conditioner can detect whether a room is occupied or unoccupied in real time and adjust temperature settings or power off accordingly. In real household intermittent-use scenarios, this function delivers energy savings of more than 70%.

Safeguarding a just transition: While driving the smart large home appliances supply chain toward higher efficiency and greater technological sophistication, Xiaomi remains focused on protecting workers' rights in labor-intensive segments. For high-temperature operations such as injection molding, we require partners to implement workplace temperature-monitoring mechanisms to keep workshop temperatures below 33°C, provide heat-relief equipment and supplies, and regularly organize drills for heat-stroke emergency response. For high-risk positions such as stamping, welding, and painting, we require partners to establish occupational health monitoring records for employees and conduct periodic environmental testing for noise, dust, and chemical substances. We believe that a truly resilient supply chain must not only deliver higher capacity and stronger technical capabilities, but also provide safer and more dignified working conditions for the people who sustain it.

Ecosystem Business

Xiaomi adopts a combined strategy of targeted identification, tailored capability enhancement, and credit support to strengthen delivery resilience and operational stability among ecosystem suppliers.

Targeted selection and capability enhancement: Capability building for ecosystem partners is not applied universally but is focused on selected suppliers identified through transaction-volume contribution and capability scoring models. Xiaomi provides customized delivery-capability enhancement programs and shares its supply-chain management practices to help partners close governance gaps and ensure supply stability during large-scale global delivery. For example, in an electric toothbrush project, Xiaomi identified yield-risk issues during supplier capacity ramp-up before launch. The Xiaomi team worked onsite to resolve structural and process bottlenecks in two critical components, reducing the problem-solving cycle by half and ensuring high-quality delivery.

Commercial credit and channel support: Xiaomi provides inclusive financial support to ecosystem partners through diversified supply-chain financing services, including factoring and equipment leasing, along with stable payment-term policies. These measures help alleviate funding pressure for small and medium-sized manufacturers in areas such as raw-material procurement, production turnover, and equipment investment, reducing their overall financing costs. Leveraging Xiaomi's brand influence and channel resources, we also offer expanded market access and operational support, contributing to the stable and high-quality development of the broader industrial ecosystem.

3.2.6 Responsible Minerals Management

Xiaomi regards raw-material management as a core pillar for ensuring supply-chain compliance and business continuity. In light of rapid regulatory shifts related to global critical materials, we strengthen our responsible-mineral governance framework through risk management, end-to-end traceability, and cross-business risk mitigation. These efforts help ensure that upstream suppliers are not linked to systemic risks such as armed-conflict financing or severe human-rights violations.

Governance Framework

This year, Xiaomi continued to integrate leading international standards to strengthen its responsible-minerals management system. We referenced the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Conflict-Free Smelter Initiative (CFSI) audit program, and the Responsible Minerals Initiative (RMI) jointly launched by the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI). Mineral-compliance requirements were embedded into procurement agreements and the Supplier Code of Conduct. This year, we achieved the following:

Expanded scope of controlled minerals: In addition to tin, tantalum, tungsten, gold (3TG), cobalt, and mica, Xiaomi broadened its due-diligence scope to include lithium, nickel, natural graphite, and copper, in line with industry developments. This expansion ensures full coverage of critical minerals used in smartphone batteries and essential electronic components.

Strengthened upstream traceability requirements: In the smartphone business, Xiaomi introduced a dedicated module on responsible-minerals procurement within supplier audits. Suppliers are required to establish and implement a complete closed-loop system covering upstream supplier communication, verification of transaction information, and corrective-action mechanisms. Xiaomi audits suppliers' practices to ensure compliance with these requirements.

End-to-End Traceability

Xiaomi conducts systematic due diligence each year and operates a full-chain traceability mechanism. For key mineral materials used in electronic and battery products at the Tier-3 supplier level, we apply internationally recognized reporting tools, including the CMRT and EMRT, and continuously refine our indicators in line with the latest requirements of the RMI. For suppliers across smartphone, smart EV, smart large home appliances, and ecosystem businesses, Xiaomi has established clear, strict, and actionable requirements, reinforced through management systems and contractual mechanisms:

- Suppliers must not use 3TG, cobalt, mica, lithium, nickel, natural graphite, or copper sourced from conflict-affected or high-risk areas in any product supplied to Xiaomi.
- Suppliers are required to cooperate with Xiaomi's oversight of smelters and refiners, including participation in due-diligence activities, origin tracing, and risk assessments.
- Suppliers should encourage smelters and refiners to undergo independent third-party audits and must track, report, and close corrective actions.
- Responsible-sourcing requirements must be incorporated into contracts or agreements with sub-suppliers to extend governance beyond direct commercial relationships and ensure transparency and traceability.
- For upstream entities not covered under audit programs or showing indicators of high-risk sources, suppliers must conduct further due diligence, submit corrective-action plans, and track improvement progress at critical nodes.

In 2025, Xiaomi conducted conflict-mineral and extended-mineral due diligence among Tier-1 and key Tier-2 suppliers within the smartphone supply chain, achieving a supplier response rate of 98.8%. Based on supplier-submitted due-diligence templates and CMRT/EMRT data, Xiaomi identified 1,045 upstream smelters and refiners across 72 countries and regions. Among these, 356 facilities, or 34.07%, were categorized as RMAP Conformant or Active. By mineral category, 3TG maintained a relatively high level of certification maturity, while coverage for newly added minerals continues to progress.

Metal	Number of Smelters/ Refiners	Number of RMAP Conformant/Active Smelters/Refiners	Percentage of RMAP Conformant/Active Smelters/Refiners	Percentage of Smelters/Refiners that are either RMAP Conformant or Located Outside Conflict-Affected/ High-Risk Areas
Tin	94	56	59.57%	96.81%
Tantalum	45	41	91.11%	97.78%
Tungsten	51	37	72.55%	90.20%
Gold	130	95	73.08%	93.08%
Cobalt	81	53	65.43%	92.59%
Mica	26	5	19.23%	96.15%
Lithium	101	13	12.87%	96.04%
Nickel	112	33	29.46%	93.75%
Copper	405	23	5.68%	86.17%

Xiaomi EV conducted due-diligence assessments on suppliers involved in this topic. Findings from the 2025 review indicate that approximately 40% of core suppliers relevant to the topic had undergone third-party audits related to responsible sourcing, and around 60% of core suppliers relevant to the topic provided Xiaomi EV with information on the smelters or refiners of critical materials. During the year, we also included specific raw materials such as natural rubber within the due-diligence scope and encouraged relevant suppliers to strengthen their foundational management practices. Based on the results of this round of assessments, Xiaomi EV has compiled a list of supplier issues and corresponding risk classifications, which will inform the development of future audit plans and support ongoing improvement.

4. Sustainable Governance and Responsible Employment

People are Xiaomi's most vital asset, and governance is our most solid foundation. We believe that a company's long-term competitiveness is rooted in genuine investment in its people and unwavering adherence to ethical principles. To this end, we have deeply embedded integrity, diversity, and inclusion into our management systems — upholding a zero-tolerance approach to business ethics to safeguard the integrity of every business decision, leveraging fair and transparent human resources mechanisms to unlock the potential of every employee, and providing systematic training and development pathways to support the continuous evolution of organisational capabilities.

The table below summarizes the materiality assessment results for this chapter, highlighting the significant impacts, risks, and opportunities associated with the topics covered.

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Corporate Governance	Upholding Xiaomi's value of "Sincere Passion," establishing compliant external-statement review mechanisms (avoiding risks of collusive silence or misleading environmental claims) to increase user trust and goodwill.	Positive Impact	Own Operations
	Establishing regular ESG training and communication mechanisms for the Board improves management's understanding of sustainability topics and enhances ESG governance performance.	Positive Impact	Own Operations
Business Ethics	To operate steadily across multiple global markets, the Group must closely track and respond to complex and evolving fair-competition regulations, which may increase compliance costs.	Risk	Own Operations
	Improving anti-corruption compliance systems and regularly conducting integrity-awareness training significantly reduces internal corruption risks, strengthening corporate reputation and brand image.	Positive Impact	Own Operations
Decent Work	Providing attractive compensation, benefits, and working conditions for all staff (full-time and contracted) to enhance employee well-being.	Positive Impact	Own Operations
	Improving work safety management, training, and safety investment reduces accident rates and ensures personnel safety.	Positive Impact	Own Operations
	Organizing diverse employee activities helps employees balance work and life, enhancing their sense of happiness.	Positive Impact	Own Operations
	Failure to collect employee concerns and feedback in a timely manner may lead employees to voice issues through external channels, affecting corporate image and brand reputation.	Risk	Own Operations

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Equal Development	Career development: The Group's strategic upgrade ("Human × Car × Home" + AI) provides employees with diverse career development options, supported by appropriate skills training systems to enhance employability.	Positive Impact	Own Operations
	Building an unbiased and diverse workplace allows decisions to better incorporate stakeholder needs, strengthening organizational cohesion and talent attractiveness.	Positive Impact	Own Operations
	In the technology and automotive interdisciplinary talent market, failure to uphold the principle of 'fair development' may directly impact employer branding and organizational resilience, causing talent loss and reducing operational efficiency.	Risk	Own Operations

4.1 Corporate Governance

Xiaomi Corporation complies with all applicable national laws and regulations, the HKEx Listing Rules, and other relevant regulatory requirements. Through an effective corporate governance framework, we seek to safeguard the interests of all stakeholders and ensure that the management team operates in accordance with high standards of ethics, accountability, and responsibility. As the core governance body, the Board of Directors assumes ultimate oversight responsibility for the management of material issues at the Group and oversees the performance of the Chief Executive Officer and senior management team. The Board also regularly reviews and enhances governance practices where appropriate, providing strategic guidance to support the Group's long-term sustainable development.

4.1.1 Board Structure and Operations

The Board of Directors is Xiaomi Corporation's permanent decision-making body, with four specialized committees: the Audit Committee, the Corporate Governance Committee, the Nomination Committee, and the Remuneration Committee, each operating under defined terms of reference. The composition of the Board takes into account independence, diversity, and professional capabilities to ensure an appropriate balance of skills and experience for effective oversight and decision-making. For more information about our corporate governance principles, practices, and performance, please refer to the "Corporate Governance Report" section of the annual report.

Board Effectiveness

Directors are subject to retirement by rotation at least once every three years in accordance with the HKEx Listing Rules and the Eighteenth Amended and Restated Memorandum and Articles of Association of Xiaomi Corporation. In addition, the Nomination Policy of Xiaomi Corporation is established to standardize the process for selecting Board members and to ensure the appointment of candidates who possess the appropriate capabilities to fulfil their duties and whose experience and values are aligned with the long-term interests of the Group and its shareholders.

The Group also places emphasis on the continuous enhancement of the Board's capabilities. During the Reporting Period, the Board strengthened its competence through various forms including on-site training and self-study with written materials, covering a wide range of areas such as ESG risk management, climate actions and progress against related targets, anti-corruption compliance, listing regulatory requirements, as well as updates on market policies and industry dynamics. These training sessions support the Board in maintaining the knowledge and competencies necessary to effectively fulfil their oversight and decision-making responsibilities.

Board Independence

Xiaomi upholds the principle of Board independence to ensure objective decision-making. Throughout the Reporting Period, the Board complied with the requirements of the HKEx Listing Rules regarding Board composition, including the appointment of at least three independent non-executive Directors, representing not less than one-third of the Board. At least one independent non-executive Director possesses appropriate professional qualifications or accounting or related financial management expertise.

The Board maintains a high level of transparency to the investor community. None of the Board members is related to one another, and the independent non-executive Directors are clearly identified in all corporate communications containing the names of Directors. Detailed information on Xiaomi's Board members, including their biographies, roles, and responsibilities is set out in the "Director's Report" section of the annual report and on the "Board of Directors" page of the Group's Investor Relations website.

Board Diversity

Recognizing the importance of Board diversity in supporting effective governance, fostering diversity and inclusion across the Group, and maintaining long-term competitiveness, Xiaomi has established and adopted a Board Diversity Policy. Pursuant to the policy, the Nomination Committee considers a range of factors when reviewing and assessing the composition of the Board, including gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Nomination Committee also conducts periodic reviews of the implementation of the Board Diversity Policy.

During the Reporting Period, we have a female independent director and two female executives, enhancing the gender diversity of the Board and senior executive team. The incumbent Directors represent a broad age range and bring a balanced mix of expertise and professional experience, including in computer science, engineering, business administration, human resources, finance, and corporate governance. This diversity of backgrounds and competencies supports the Board to provide well-informed oversight and strategic guidance.

4.1.2 ESG Governance Structure and Oversight

Xiaomi has established a three-tier ESG governance structure that defines clear roles and responsibilities across strategy, coordination, and implementation levels. This framework ensures effective oversight of ESG strategy, performance, and risk management, and supports the consistent execution of ESG initiatives across the Group.

- At strategy level, the Board of Directors serves as the highest ESG governance and decision-making body. The Board of Directors, and the Corporate Governance Committee, oversee the Group's ESG commitments and performance. Their responsibilities include supervising ESG efforts, reviewing ESG-related risks and ESG reporting.
- At the coordination level, the Sustainability Committee identifies ESG-related risks, formulates sustainability strategies, targets, and action plans, and reports progress and performance to the Corporate Governance Committee on a semi-annual basis
- At the implementation level, the ESG Working Group coordinates with relevant departments in implementing ESG programs, reports ESG performance, and facilitates regular discussions on sustainability issues and their business impacts.

For more detailed information, please refer to the "Governance" page on the Group's ESG and Sustainability website.

4.1.3 ESG Risk Management

Xiaomi manages ESG-related risks and opportunities through a dedicated ESG risk management framework to support the identification, assessment, and management of material ESG issues. These processes aim to enhance the Group's understanding of ESG-related risks and opportunities and to support informed decision-making in pursuit of long-term sustainable development.

We identify and assess ESG-related risks and opportunities through regular internal reviews and cross-functional discussions, with reference to mainstream sustainability frameworks. ESG risks and opportunities are evaluated and prioritized by materiality. Further details of the assessment methodology and outcomes are set out in the Materiality Assessment section of this report. The material IROs identified in the assessment are set out at the beginning of each chapter in this report.

For material ESG risks identified, Xiaomi has implemented corresponding management and mitigation measures, including policies, procedures, and operational controls. In addition, we have established ESG performance indicators and targets to track and monitor progress and support continuous improvement.

4.2 Business Ethics

Xiaomi adheres to a compliance-based and integrity-driven business philosophy, and is committed to promoting ethical conduct across its full range of operations to prevent misconduct. To this end, we have established a three-tier integrity and anti-fraud governance framework, consisting of the Board of Directors, the Ethics Committee, and the Safety Investigation Department, to coordinate and advance business ethics management. Within this framework, the Board of Directors assumes the highest responsibility for ethical governance; the Ethics Committee is responsible for the planning, supervision, and training of business ethics-related work, as well as the review and accountability for violations, and regularly reports to the Board on anti-fraud and anti-corruption management efforts; the Safety Investigation Department handles day-to-day implementation, inspection, and investigation, ensuring the consistent application of ethical standards throughout the organization.

We strictly comply with the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the United Nations Convention against Corruption, and other applicable laws, regulations, and industry practices in the regions where we operate. We also adhere to international business norms, including the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Drawing on these applicable laws and international norms, the Group has established a comprehensive business ethics policy framework. Internally, we have developed management policies such as the Employee Code of Conduct, the Anti-Bribery Management Guidelines, and the Integrity and Anti-Corruption Code; externally, we publish documents including the Code of Conduct for Business Partners and the Business Integrity Agreement, requiring our business partners to uphold the principles of integrity, compliance, and transparency, and to strengthen their commitments to anti-corruption, intellectual property protection, and compliant procurement.

Ethical conduct requirements have been further integrated into Xiaomi's employee performance evaluation and accountability framework. The disciplinary provisions set forth in the Measures for Handling Employee Violations and Disciplinary Misconduct have been incorporated into the performance management system, with enforcement of the aforementioned Measures jointly executed by the Safety Investigation Department and the Human Resources department.

4.2.1 Integrity and Anti-Corruption

Within the organization, four top prohibitions have been set: strictly forbidding offering and accepting bribery, severely punishing embezzlement, forbidding personnel corruption, and avoiding conflicts of interest. Upholding the principles of zero tolerance, full coverage, and unrestricted access, we apply high-standard integrity requirements to both employees and business partners to ensure lawful and compliant business operations.

Anti-Corruption Management

Xiaomi has established a structured anti-corruption management system to ensure the effective implementation of its integrity commitments. In 2025, we passed the ISO 37001 Anti-Bribery Management System Review and updated the Anti-Bribery Management Guidelines to align with the latest ISO 37001 requirements and evolving compliance needs.

To strengthen implementation, the Safety Investigation Department conducts annual business ethics special reviews in accordance with the Group's Anti-Bribery Internal Audit System to assess compliance with internal policies and the effectiveness of integrity controls. The Group plans to achieve audit coverage of all principal businesses and all operating locations worldwide on a rolling three-year basis. In 2025, the reviews covered all principal businesses and operating locations in the Chinese Mainland. During the year, we filed and investigated 16 cases of bribery involving non-state functionaries and 9 cases of duty-related embezzlement. Among them, 4 cases were transferred to judicial authorities, and 1 corruption case has been concluded through court trial²⁴.

Xiaomi also places strong emphasis on capacity building and awareness. We deliver systematic integrity, anti-corruption, and conflict of interest training through a combination of in-person and online formats, targeting directors, senior management, core management personnel, employees across domestic and overseas operations, and new hires. In 2025, annual board-level thematic training and briefings on integrity and compliance were held. In the meantime, targeted training sessions were conducted for regional business leaders at home and abroad, core cadres of the Group and staff in high-risk departments.

During the year, a total of 103 in-person professional ethics training sessions were held. Additionally, approximately 24,000 new employees completed integrity and compliance courses and assessments on the Group's online training platform. Xiaomi also invited industry experts to deliver specialized lectures on preventing duty-related crimes and offered tailored training sessions for overseas, further strengthening the ethical awareness and accountability among all employees.

Conflict of Interest Management

We require our employees and business partners to make every effort to avoid conflicts between personal and corporate interests. To this end, we have formulated the Group's Conflicts of Interest Management Rules and integrated this topic into our compliance training programs.

The Group has also put in place a conflict of interest management mechanism covering the full cycle of recruitment, onboarding, and ongoing employment. All new hires are required to sign an Integrity Commitment Letter, confirming their understanding of and compliance with the conflict of interest management requirements. During recruitment, candidates identified as having potential commercial conflicts of interest undergo risk assessments to verify whether their affiliated companies have business dealings with the Group.

²⁴ The concluded case resulted in the former Xiaomi employee being sentenced to three years' imprisonment for the offense of bribery by a non-state functionary, in addition to the imposition of a fine.

Every year from April to June, we organize a dedicated filing process for conflicts of interest. The filing categories include gifts and monetary benefits, entertainment and hospitality, equity holdings in other companies, related-party transactions with Xiaomi, external employment relationships, and relatives working at Xiaomi. Employees with actual or potential conflicts between personal and Xiaomi's interests (including full-time employees, part-time employees, and interns) may report them through our conflict-of-interest filing system.

In 2025, the Group proactively identified and handled all conflict-of-interest-related cases in accordance with internal procedures, addressing a total of 7 cases.

Political Contribution

Xiaomi adopts a prudent and neutral approach to political engagement.

Xiaomi may join industry associations and similar organizations in the ordinary course of business to support industry exchange and standard development. Related membership fees and contributions are managed in accordance with internal approval procedures. During the year, Xiaomi's association-related expenditures were primarily associated with industry technical exchanges and standard-setting projects, and were not used for political advocacy or policy influence.

4.2.2 Anti-Money Laundering Awareness and Training

We strictly comply with the Anti-money Laundering Law of the People's Republic of China, the Guidelines for the Self-assessment on Risks of Money Laundering and Terrorist Financing of Corporate Financial Institutions, and applicable laws, regulations, and practices of our operating regions. Moreover, we have established the Group's Basic Management System for Anti-Money Laundering and formed a Countering Terrorist Financing Leadership Group.

The Anti-Money Laundering Law was revised on November 8, 2024, and took effect on January 1, 2025. During the Reporting Period, we strictly adhered to the newly revised Law and promptly updated our Anti-Money Laundering Basic Management System to align internal requirements with the latest legal provisions. We also continued our ongoing anti-money laundering efforts, including customer identity verification, identification and reporting of large and suspicious transactions, and anti-money laundering training and promotion.

In 2025, in-person training sessions on the key provisions of the new Anti-Money Laundering Law and the regulatory requirements of the People's Bank of China were organised for Jiefu Ruitong, Xiaomi's digital payment platform, enhancing employees' understanding of regulatory expectations. In addition, dedicated in-person anti-money laundering training for relevant senior management was conducted to strengthen oversight and accountability.

4.2.3 Anti-Monopoly and Anti-Unfair Competition

We strictly comply with the Anti-Monopoly Law of the People's Republic of China, the Guidelines for Competition Compliance of Undertakings, and pertinent laws and regulations of our operating regions, demonstrating our commitment to competing fairly and openly in the market with innovative products and high-quality services. To comprehensively manage and control anti-monopoly compliance risks both domestically and internationally, we have authorized our legal team to establish anti-monopoly compliance assessment, investigation, and training mechanisms.

For domestic operations, we have formulated the Group's Anti-Monopoly Compliance Code of Conduct to regulate horizontal monopoly behaviors, vertical monopoly behaviors, and abuses of market dominance. For our international operations, we have introduced the Group's International Antitrust Compliance Work Guideline and developed corresponding internal country-specific competition law compliance guidelines that align with the local competition laws of our operating jurisdictions, further strengthening overseas compliance management.

We conduct antitrust and competition law training across regions, tailored to local regulatory environments and business activities. In 2025, we organized 51 anti-monopoly and anti-unfair competition training sessions across various operating regions, including China, Europe, Southeast Asia, Africa, and the Middle East, with over 16,000 participants, including over 100 senior management members. These sessions focused on competition law compliance and practical risk scenarios relevant to daily operations.

To enhance preparedness for regulatory inspections, Xiaomi also conducts practical compliance exercises. In 2025, a mock dawn-raid exercise was organized at Xiaomi's Türkiye office to test internal response mechanisms and employee awareness. During the exercise, non-compliant communications were identified, and our legal team subsequently engaged with relevant employees and provided targeted training on compliance standards.

Routine antitrust risk reviews and assessments are conducted as part of ongoing compliance management. In 2025, such reviews covered more than 60 projects, focusing on identifying potential competition law risks at an early stage and strengthening internal controls.

During the Reporting Period, Xiaomi received an administrative penalty related to antitrust matters in Mexico, in which Xiaomi acted as a third-party assistant investigator. Xiaomi has filed a constitutional claim against the penalty, and the penalty was overturned at first instance on February 24, 2026.

4.2.4 Protection of Intellectual Property Rights

We place strong emphasis on the protection and enforcement of intellectual property (IP) rights. Our IP practices make technological advancements more accessible and inclusive and strongly motivate and secure our innovations. To enhance IP protection, we have established a sound IP policy and system that safeguards our own IP while respecting the rights of others. During the year, we maintained internal management measures to safeguard patents, trademarks, copyrights, and domain names, and to prevent infringement and misuse across its operations.

We continue to strengthen our IP portfolio to protect innovation outcomes across key business areas. By the end of the Reporting Period, Xiaomi has obtained more than 45,000 authorized patents globally, including over 1,700 patents held by Xiaomi EV. In addition, Xiaomi owned over 54,000 registered trademarks, over 1,400 copyrights, and had registered more than 1,300 domain names globally.

To address infringement risks, we actively carried out rights protection and anti-counterfeiting actions through cooperation with online platforms, law enforcement authorities, and customs departments. In 2025, we removed over 1.26 million infringing links in online enforcement on domestic platforms. We also collaborated with customs authorities to efficiently prevent counterfeit goods entering or exiting the country, resulting in the seizure of over 40,000 counterfeit items. Additionally, we assisted law enforcement agencies in pursuing multiple administrative and criminal anti-counterfeiting cases, resulting in the confiscation of over 350,000 counterfeit products.

4.2.5 Grievance Mechanisms and Whistleblower Protection

We have established a top-down integrity grievance and whistleblowing management mechanism to enable the reporting of suspected misconduct, including corruption, fraud, and other violations of business ethics. The Board of Directors and the relevant senior executives provide leadership, authorization, and supervision over whistleblowing matters. The Safety Investigation Department is the designated department for global whistleblowing investigations and exercises independent investigation powers. Reporting channels are accessible to a wide range of stakeholders, including employees, external business partners, and consumers, comprising a dedicated whistleblowing email, the integrity reporting platform on the mi.com, and an internal reporting platform available to employees.

To enhance oversight mechanisms and ensure consistent enforcement, we have formulated a series of institutional frameworks, including the Group's Whistleblower Protection and Reward Policy, and established a whistleblower reward fund to duly protect the legitimate rights and interests of whistleblowers. In 2025, we provided rewards to whistleblowers for 6 major whistleblowing cases that were deemed valid.

Xiaomi Corporation's Whistleblowing Channels:

- Email (tousu@xiaomi.com)
- Xiaomi Whistleblower System (<https://integrity.mi.com/global>)

4.3 Employee Benefits and Diversity

We believe our people are the foundation of Xiaomi's innovation and long-term success. We strive to build a safe, inclusive, and supportive working environment where every employee can continue to grow and fully realize their potential.

4.3.1 Decent Work

Xiaomi believes that decent work not only entails fair compensation and stable employment opportunities, but also serves as a fundamental basis for safeguarding employee well-being, career development, and occupational health and safety, with profound implications for employees' quality of life, social identity, and sense of purpose. We are committed to creating a fair, inclusive, safe, healthy, and dignified working environment for all employees through the continuous enhancement of our global human resources management system.

Labor Rights

We are committed to upholding labor rights as a core pillar of a fair, respectful, and sustainable workplace. We strictly comply with the laws and regulations in every jurisdiction where we operate and align our labor management practices with internationally recognized standards, including the International Labour Organization (ILO) Core Conventions, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, and the Ten Principles of the UN Global Compact.

Xiaomi maintains a zero-tolerance stance toward forced labor, child labor, human trafficking, and slavery. To this end, we have established and implemented the Group's Employee Handbook, Global Labor and Employment Guidelines, and Anti-Slavery and Human Trafficking Statement to ensure that these commitments are consistently implemented across the Group's direct operations and supply chain. In our recruitment and employment processes, we prohibit any form of coercion, intimidation, deception, retention of identity documents, or improper payments, and explicitly prohibit discrimination, harassment (including sexual harassment), abuse, and workplace violence. All our recruitment and labor management processes must be fair, transparent, and free from discrimination, and all employment contracts must clearly define job responsibilities, working conditions, compensation, and benefits. To prevent child labor, we strictly require recruiters in all regions to verify applicants' identity information in accordance with local laws and regulations, and we impose the same requirements on suppliers to prevent child labor.

Beyond safeguarding fundamental human rights, we are committed to providing employees within our operations and supply chain with an income level sufficient to maintain a decent standard of living. We regularly assess the reasonableness of compensation against statutory standards and living wage benchmarks in the locations where we operate. Taking the average salary of fresh graduates as an example, it exceeds the living wage baseline set by the Asia Floor Wage Alliance²⁵, ensuring that employees can maintain a decent standard of living.

25 According to the latest data from the Asia Floor Wage Alliance (<https://asia.floorwage.org/living-wage/calculating-a-living-wage/>), the baseline living wages in 2024 are RMB6,389 for China and INR 34,170 for India.

In addition, Xiaomi upholds the principle of equal pay for equal work and ensures that employees at the same grade and in the same position receive fair, reasonable, and competitive compensation, without their pay and benefits being affected by ethnicity, age, gender, beliefs, or cultural background. We conduct salary benchmarking on a global basis and use the results as an important basis for adjusting compensation structures and ensuring pay equity. During the annual remuneration review, senior management evaluates compensation fairness metrics to balance market competitiveness with internal equity.

To safeguard employee voice and access to remedy, we have established diversified communication and grievance mechanisms, including labor unions or employee representatives, human resources partners, and whistleblowing and complaint channels. These channels support two-way communication on working conditions and labor relations, protect employees from retaliation, and ensure that concerns are handled in a timely and appropriate manner. Relevant procedures can be found in the section "Grievance and Reporting" in Xiaomi's Global Labor and Employment Guidelines.

In countries such as France, Kazakhstan, and Vietnam, Xiaomi promotes social dialogue in accordance with local labor systems through mechanisms such as labor unions, labor-management committees, or statutory mediation institutions. These mechanisms help safeguard freedom of association, strengthen constructive communication between employees and management, and promote stable labor relations in diverse cultural and regulatory environments.

Case Study: Advancing Social Dialogue Across Overseas Operations

We strengthen social dialogue by establishing employee representation and dispute-resolution mechanisms aligned with local labor systems across our overseas operations. In 2025, these arrangements included industry-level union representation in France, formal trade union structures in Vietnam, and a statutory Mediation Committee in Kazakhstan to address labor disputes through structured and lawful processes. Together, these mechanisms safeguard employee voice and promote transparent and constructive labor relations. As our global footprint expands, we plan to further extend locally appropriate employee-representation frameworks in additional markets, such as South Korea.

In 2025, Xiaomi recorded no confirmed incidents of child labor, forced labor, employment discrimination, or workplace violence across our global operations. In future, the Group will continue to strengthen employee awareness, monitoring mechanisms, and internal controls to ensure that labor rights are effectively upheld in daily operations.

Safe Working Environment

Xiaomi places high importance on the health, safety, and well-being of its employees and is committed to achieving excellence in Environmental, Health and Safety (EHS) management. The Board of Directors assumes ultimate responsibility for EHS matters and authorizes the Sustainability Committee to formulate EHS strategies, targets, and implementation plans, with regular reporting to the Board. Dedicated EHS management teams are established across all business lines to identify and manage EHS risks in R&D, manufacturing, sales, logistics, and service operations. Xiaomi's Environmental Health and Safety (EHS) Policy provides detailed guidance on governance structure and principles.

Xiaomi's EHS management system is fully aligned with international standards. As of the end of the Reporting Period, the Group has achieved full coverage of ISO 45001 occupational health and safety management system certification across all mature operating entities and continues to pass the required annual surveillance audits. Newly established business entities are progressing as planned with system development and certification.

We monitor occupational health and safety performance through defined safety indicators, internal reviews, and management oversight mechanisms, and integrate key safety responsibilities, such as major accident prevention and zero fatal incidents, into management performance evaluations to strengthen accountability across all processes. We have established multiple EHS performance targets, including zero Grade IV and above safety incidents, zero occupational disease cases, and a Lost Time Injury Frequency Rate of ≤ 0.4 per million man-hours²⁶, all of which were achieved during the year. Relevant EHS performance is regularly disclosed in ESG reports to support continuous improvement and full transparency in management.

- EHS Management in Production

Production operations are a key focus area of the Group's EHS management. We have established a structured safety governance system across all factories, with factory-level Work Safety Committees responsible for daily risk identification, compliance supervision, and frontline safety management, ensuring effective implementation of EHS requirements on site.

Xiaomi Smart Factory is staffed with 20 certified safety management professionals and 15 internal EHS auditors. Xiaomi EV Factory is staffed with 27 safety management personnel, including 2 internal EHS auditors, 9 registered safety engineers, 1 registered fire protection engineer, and 1 environmental engineer. Clear delineation of responsibilities between management and operational levels ensures consistent and rigorous implementation of EHS requirements on the production floor.

26 This is an annual target for the Xiaomi EV Factory.

We strengthen the full lifecycle management of workplace injury risks through systematic risk identification and closed-loop rectification mechanisms. In 2025, Xiaomi Smart Factory identified and rectified a total of 1,047 hazards, achieving a 100% rectification rate and effectively strengthening risk prevention at the source. Xiaomi EV Factory identified 1,874 hazards through routine inspections and 403 issues through targeted inspections, all of which were rectified with a 100% closure rate.

To prevent occupational diseases, Xiaomi has established a systematic occupational health management system. In accordance with laws, regulations, and internal standards, we conduct job-based risk assessments and regularly identify and monitor occupational hazards such as noise, dust, and radiation. Based on risk levels, we provide employees with personal protective equipment, including protective clothing, safety shoes, goggles, earplugs, and masks, free of charge to minimize health risks.

In addition, we provide comprehensive occupational health examinations for employees exposed to occupational risks and establish individual health records to enable continuous health risk tracking. Xiaomi Smart Factory conducted radiation safety assessments for 11 radiation-exposed employees, achieving a 100% pass rate. Xiaomi EV Factory completed 2,473 pre-employment, 475 periodic, and 142 exit health examinations.

- EHS Training and Emergency Preparedness

We conduct EHS training tailored to different job roles and risk profiles to enhance employees' safety awareness and operational capabilities. Training content includes safety standardization, identification and prevention of typical risks, emergency response for personal injury incidents, and chemical safety management. All new employees must complete training before commencing work, and personnel in key positions are required to obtain relevant safety qualification certificates.

2025 Safety Training at Xiaomi Smart Factory	2025 Safety Training at Xiaomi EV Factory
<ul style="list-style-type: none"> • Three-level safety education for new employees covered 2,400 employees. • Typical risk identification and prevention training: 3 sessions, 88 participants. • Emergency response training and tabletop drills: 6 sessions, 240 participants. • Chemical safety specialized training: 4 sessions, 101 participants. 	<ul style="list-style-type: none"> • Occupational Health Awareness Week was held in late April under the theme "Focusing on Employees' Mental Health," with 2,196 participants. • Safety Production Month was conducted in June under the theme "Everyone Talks Safety, Everyone Can Respond — Identifying Risks Around Us" with over 4,400 participants. • Fire Safety Month was organized in November under the theme "All-Out Fire Safety, Life First — Safe Use of Electricity and Fire" with over 5,000 participants.

We strengthen emergency preparedness through regular emergency drills and scenario-based simulations, validating the effectiveness of contingency plans and enhancing employees' real-world response capabilities. In 2025, Xiaomi Smart Factory completed 18 planned emergency drills, achieving a 100% completion rate, with a total of 4,798 participations. Xiaomi EV Factory conducted 210 emergency drills, covering scenarios such as confined space operations, fire emergency evacuation, and special equipment incidents. Drills were carried out as planned across all production processes to test emergency preparedness and strengthen on-site response capabilities.

Employee engagement is an important component of EHS management. We encourage employees to provide safety suggestions through EHS communication channels and participate in risk identification and closed-loop rectification processes, jointly promoting the development of a safety culture and continuous improvement in management.

Employee Well-Being

Xiaomi is committed to fostering a caring and people-centered workplace that safeguards employees' physical and mental health and supports a balanced and fulfilling work-life experience.

- Safeguarding Physical and Mental Health

All employees are covered by occupational injury insurance, including full-time employees, part-time employees, and interns. Through supplementary commercial medical insurance, we further extend coverage to employees' children, while overseas employees and expatriates are provided with insurance arrangements in compliance with local regulations, supplemented by Group-provided medical and accident coverage. In 2025, commercial insurance covered 71,342 employees (including full-time, part-time, and interns) and 23,594 children of full-time employees, achieving broad and inclusive protection.

Preventive healthcare is a core pillar of Xiaomi's employee health management. We provide free annual health check-ups for all employees in Chinese Mainland to support disease prevention and treatment. Based on existing examination packages, we have introduced additional screenings, including thyroid function tests, Helicobacter pylori screening, and tumor marker testing. Employees exposed to occupational health risks are provided with occupational health examinations, supported by individual health records and follow-up mechanisms to enable early detection and prevention.

We have established a regularized mental health support system through Employee Assistance Programs (EAP), professional psychological counseling services, and both online and in-person mental health activities. In 2025, Xiaomi continued to provide a variety of mental health resources, including one-on-one consultations and thematic workshops, helping employees manage stress, regulate emotions, and enhance psychological resilience. This year, Xiaomi's EAP provided a total of 789 psychological consultation sessions, with over 3,220 employees accessing services via the online digital platform. Initiatives such as the "525 Mental Health Week" and on-site counseling activities were conducted to promote psychological awareness, guide emotional management, and encourage healthy behaviors, engaging more than 1,400 participants in total.

In the course of global expansion, Xiaomi consistently prioritizes employee safety and well-being. We have established a comprehensive, multi-layered welfare and protection system for expatriate employees, including a comprehensive allowance package covering home leave, hardship, living, and risk allowances. Employees and their families are provided with three family reunion flight tickets annually to maintain close family connections. Expatriate employees are entitled to 24 days of dedicated home leave each year and are covered by a multi-layered insurance system, including expatriate insurance, local insurance, domestic social security, and commercial insurance, ensuring protection during overseas assignments. To further strengthen global employee protection, Xiaomi will officially launch the “SOS Emergency Rescue Service” in 2026, covering all overseas-based and business travel employees.

- Employee Life Care Support

Beyond health protection, we continue to enhance employees’ quality of life through family-friendly policies, improved workplace facilities, and diverse care mechanisms, fostering organizational vitality, inclusiveness, and long-term stability.

Xiaomi strictly complies with local regulatory requirements in providing paid leave, including sick leave, maternity leave, and paternity leave. In many operating locations globally, the paternity and parental leave provided exceed local statutory requirements and support flexible split leave. Employees are entitled to leave for prenatal examinations from their first check-up. In Chinese Mainland, for example, nearly all employees are entitled to more than 20 weeks of maternity leave and more than 2 weeks of paternity leave²⁷. In 2025, a total of 4,548 employees took parental leave, with a 100% return-to-work rate. In addition, Xiaomi provides support for key life events through the “300 Grains of Rice” benefit program, offering tangible support to employees who marry or have children after joining Xiaomi.

We continuously improve workplace facilities to safeguard employees’ dignity and well-being. Our factories are equipped with employee dormitories and apartments to ensure suitable living conditions. Outsourced employees enjoy accommodation, shuttle services, and welfare facilities equivalent to those of full-time employees. Offices and production sites are equipped with canteens and health stations, and provide seasonal allowances, festive benefits, and heatstroke prevention supplies, comprehensively meeting employees’ daily needs across different working environments.

Xiaomi continuously monitors employee satisfaction and engagement through systematic surveys, training feedback mechanisms, and organizational capability assessments. Leveraging these tools, we gain precise insights into employees’ perceptions of management effectiveness, learning quality, engagement, and workplace experience, and translate feedback into continuous improvement actions. In 2025, engagement surveys were conducted across the Group and all factories, with all business achieving year-on-year improvements in engagement indicators, particularly in the dimension of “continuous growth”. During the year, each business has developed and implemented targeted improvement plans based on identified areas for enhancement.

²⁷ In Shanghai, China, the statutory paternity leave is 10 days. Building on this requirement, the Group offers employees a flexible leave arrangement, which they may apply for based on their needs.

At the Group level, 47,235 valid survey responses were collected, covering 90.36% of the target population, and follow-up interviews were conducted with employees across key business and functional departments, involving 910 employees. Key results are summarized as follows.

Unit/Metric	Management	Engagement		
	Health Score	YoY	Score	YoY
Group Level	92.02%	+2.48%	91.97%	+0.63%
Xiaomi Smart Factory	92.16%	+2.83%	93.41%	+0.84%
Xiaomi EV Factory ²⁸	98.25%	—	95.85%	—

In January 2026, the All-China Federation of Industry and Commerce, the Ministry of Human Resources and Social Security, and the All-China Federation of Trade Unions jointly organized the National Recognition Conference for Advanced Private Enterprises in Employment and Social Security and Employee Care for Mutual Benefits. Xiaomi was awarded the title of “National Advanced Private Enterprise in Employment and Social Security.”

4.3.2 Equal Development

Xiaomi is committed to building a diverse, inclusive, and globally representative workforce to support long-term innovation and development. Inclusion is reflected not only in the geographic composition of our workforce, but also in providing fair development opportunities, promotion pathways, and capability-building systems for employees of different backgrounds and characteristics.

Diversity and Inclusion

We place great importance on gender equality and the protection of women’s rights. We do not allow gender to serve as a barrier to hiring for any position, ensuring that women have equal opportunities and room for growth across all key roles. In 2025, women accounted for 29.3% of our total workforce.

To further safeguard women’s rights, health, and well-being, Xiaomi has established a Women’s Rights Committee to provide emotional support, learning platforms, and opportunities for connection among female employees. In 2025, we appointed regional representatives of the Women’s Rights Committee in Wuhan, Shanghai, Nanjing, and Shenzhen to strengthen care, engagement, and development support for female employees. We organized a series of activities focusing on physical and mental well-being, cultural empowerment, and lifestyle enrichment, from Women’s Day events across 11 office locations to mental health lectures, creative workshops, and outdoor activities, providing space for female employees to recharge and grow. These efforts received both national and municipal recognition, with Xiaomi being awarded the titles of “National March 8th Red Banner Collective” and “Beijing March 8th Red Banner Collective” in 2025.

28 The Xiaomi EV Factory only conducted the relevant survey in H2.

We highly value the skills and resources brought by local employees and actively prioritize local hiring in our overseas operations. In 2025, Xiaomi employed a total of 2,409 overseas employees, of whom approximately 87% were locally hired. Through standardized onboarding programs, we support overseas employees in understanding and integrating into Xiaomi's culture, fostering an inclusive and diverse working environment, with 1,080 participants throughout the year. We appointed cultural values ambassadors across South Asia, Western Europe, Southeast Asia, and Latin America, inviting them to headquarters for exchange and learning, and selected 13 individuals as local cultural trainers to foster cultural alignment through training activities.

Case Study: Promoting Cross-Cultural Integration

In 2025, Xiaomi promoted cross-cultural exchange among global employees through a series of localized cultural celebration activities. In Milan, Italy, the local team organized a Mid-Autumn Festival event featuring introductions to traditional Chinese culture, interactive games, photo installations, and Hanfu experiences. In Indonesia, local and Chinese employees jointly celebrated National Batik Day by wearing traditional batik attire, enhancing cultural understanding and team integration. In India, Xiaomi India and headquarters jointly organized a week-long Diwali program, including creative activities, peer recognition, and festive decorations, conveying values of unity, gratitude, and inclusiveness.

Talent Attraction and Retention

Xiaomi continues to strengthen our employer brand appeal by building a fair, transparent, and people-centered employment system. Through diversified channels such as campus recruitment, experienced hiring, and industry-academia collaboration, we establish a competitive recruitment image to attract and retain top talent globally.

In 2025, we developed the Xiaomi Recruitment Quality Manual, further enhancing recruitment governance by standardizing end-to-end recruitment processes and talent selection criteria, ensuring that employment relationships are established on the basis of equality, mutual consent, and compliance. At the same time, we upgraded the employee referral incentive policy in China, standardizing referral reward criteria.

During the 2026 campus recruitment cycle, Xiaomi achieved full coverage of target universities through 48 tailored on-campus presentations and 2 city-wide comprehensive sessions. By innovatively introducing 17 new in-person interview formats, we precisely engaged target student groups and efficiently identified top talent, ultimately achieving a 75% offer acceptance rate in the autumn recruitment cycle.

On this basis, Xiaomi has established dedicated talent acquisition channels:

- Pre-enrollment Class Program: An innovative business order-driven “training-on-demand” model that closely aligns business needs with talent development, achieving a project demand fulfillment rate of up to 98% and enabling seamless integration between talent supply and business growth.
- Intern-to-Full-time Conversion Program: We proactively build a pipeline of graduate talent, accumulating 677 outstanding candidates, achieving a conversion rate of 95%. This supports structured early-career development and long-term organizational capability building, strengthens the core campus recruitment talent pool, and shortens the talent onboarding cycle.

Case Study: Graduate Development and Technical Capability Building

Xiaomi EV's Graduate Training Program is a core initiative in Xiaomi's graduate development and technical capability-building strategy. In 2025, the program supported 775 graduates across two cohorts, delivering systematic training in automotive fundamentals, vehicle systems, engineering practices, and emerging technology trends. This was complemented by factory internships and departmental rotations, enabling graduates to deeply participate in manufacturing processes and strengthen their practical understanding of production feasibility, process parameters, and R&D logic.

Based on the Internal Talent Mobility Management Policy, we continue to operate the internal mobility platform. In 2025, the platform released over 3,495 positions, attracted 4,025 active applications, and enabled 1,019 employees to successfully achieve internal mobility, establishing an efficient internal talent allocation ecosystem.

In 2025, Xiaomi received broad recognition across multiple employer branding dimensions, including global talent attraction, university student preference, and employee satisfaction, winning 13 employer brand awards, including Forbes' "World's Best Employers 2025" and being named among Forbes China's "Most Popular Employers of the Year 2025."

Performance and Incentives

Xiaomi has established a comprehensive performance evaluation mechanism to ensure fairness in employee assessment. Taking into account business functions and role characteristics, we implement differentiated evaluation cycles and standards: for factory operations and sales, delivery and after-sales service functions, performance evaluations are centered on key performance indicators (KPIs) and conducted through a combination of monthly/quarterly and annual assessments; for R&D and functional roles, semi-annual evaluations are conducted, incorporating both quantitative and qualitative assessments. The evaluation process includes employee self-assessment, 360-degree feedback, supervisor evaluation, departmental and Group-level calibration, result communication, and an appeal mechanism, ensuring comprehensive and objective performance evaluation.

On this basis, we have established a performance-oriented compensation and incentive system. Taking into account the characteristics of different job sequences, we design differentiated incentive schemes to ensure that all full-time employees receive fair, reasonable, and effective compensation and incentives.

The Group and all business segments establish annual performance targets and compensation incentive schemes, and clearly communicate final performance results and incentive bonuses to employees to ensure transparency. Specifically:

White-collar employees (management and professional sequences): subject to annual performance evaluations and annual bonus schemes, with bonuses linked to the achievement of individual annual performance targets, team performance, and overall company operating results, and calculated and distributed uniformly at the end of the fiscal year.

Blue-collar employees (operations and production sequences): most positions are subject to quarterly or monthly evaluations, with performance results linked to monthly performance bonuses or production incentive bonuses; some positions are also eligible for annual excellence awards and special incentive programs.

Beyond current compensation, we place strong emphasis on long-term incentives for key talent and actively implement equity incentive mechanisms. In 2025, we granted a total of 187.87 million award shares to 11,322 selected participants and 12.412 million share options to 71 selected participants, aligning employee interests with Xiaomi's long-term value creation and sustainable development objectives.

To further ensure fairness and objectivity, we have established a formal performance appeal mechanism to ensure that evaluation outcomes and performance-linked compensation are reasonable and well-founded. Strict confidentiality is maintained throughout the appeal process to safeguard the credibility of the mechanism and protect the information and privacy of employees who submit appeals.

Training and Development

Xiaomi adopts a comprehensive and systematic approach to training and capability development to support long-term succession planning, the accumulation of technical expertise, and leadership continuity. Our talent development system covers employees across different career stages, functional areas, and regions, with programs designed to address both business priorities and individual growth needs.

Xiaomi has established a systematic talent development mechanism, the “Xiaomi Employee Development Three-Stage Rocket” program, focusing on business-oriented capability building, organizational effectiveness improvement, and continuous talent pipeline development. To meet diverse career development needs, Xiaomi implements a dual career pathway of “professional + management” enabling employees to advance based on role-specific expertise, personal development plans, and business requirements. These programs cover all employees, including outsourced personnel.

- **New Hire Development:** For campus recruits, we offer dedicated programs such as the Starry Program, Mentor for Fresh Graduate, and Outstanding Graduate Study Camp; for experienced hires, we provide the Integration Program and Professional Capability Bootcamp; for technical roles, we implement the Young Engineer Program to support employees in gradually developing into core business contributors or managers at various levels.
- **Frontline Engineer Training:** For team leaders, section heads, and their reserve candidates, we provide frontline supervisor training programs; for managers and workshop directors, we design mid- to senior-level management development programs. Outsourced employees enjoy equal access to training opportunities, as well as structured job rotation pathways and promotion mechanisms equivalent to those of full-time employees.
- **Junior and Middle Management Leadership Training:** Including the Spark Program and Ignite Program, with a curriculum structured around three core areas: “managing oneself, managing teams, and managing business,” complemented by diverse elective courses and thematic activities. In 2025, in-person training programs were successfully delivered, with 18 classes conducted throughout the year, covering 893 managers, of whom 195 were promoted after completing the training.
- **Performance-Oriented Leadership Development Programs:** For middle management, we implement high-performance training programs; for senior management candidates, we provide dedicated development initiatives such as the General Manager Talent Reserve Program. In 2025, a total of 56 senior managers were promoted.

Throughout the year, we delivered 552 training courses covering general competencies, professional skills, and leadership development, with nearly 120,000 training attendances and an average training duration of 21.6 hours per employee.

Case Study: Digital and AI-Enabled Training

In 2025, Xiaomi expanded its digital learning and AI-enabled workplace productivity initiatives by launching 16 AI productivity courses, covering nearly 10,000 employees, with a completion rate of 73%. Training content covered areas such as large language models, document processing, design and production, data analysis, and R&D applications. AI assistants have improved work efficiency for over 4,000 users. At the same time, we upgraded our learning platform to enable full-process automation across learning, examination, and certification, including the introduction of AI certification systems for sales personnel and engineers.

Case Study: Global Knowledge Sharing

During the year, we launched the European R&D Public Lecture Series, focusing on industry frontiers and cross-disciplinary integration, leveraging top expert resources to enhance the capabilities of our global workforce. The program featured the General Manager of Xiaomi's European R&D Center, who provided in-depth analysis of key technical topics such as tire extreme performance and vehicle dynamics, while incorporating an industrial economics perspective to examine the value structure and business logic of the sports car industry. The program adopted a hybrid model of "online live streaming + in-person interaction," attracting a total of 1,691 participants, with an overall satisfaction score of 9.74 out of 10 and a job applicability score of 9.65 out of 10.

5. Climate Action and Resilience

Against the backdrop of rising global temperatures, more frequent extreme weather, and increasingly strict carbon-pricing regimes, Xiaomi proactively embeds climate resilience into long-term value creation. In line with the ISSB's IFRS S2 climate-disclosure standard, we have strengthened our climate governance, strategic resilience, risk management, and performance indicators, and established a carbon-management system across R&D, manufacturing, and our supply chain — integrating low-carbon principles throughout product development and production. At the same time, powered by technological innovation and responsive supply and service systems, we are adapting to climate change and advancing emissions reduction across our operations and value chain in line with the Paris Agreement's 1.5°C pathway — while delivering technology products and services that are more resilient to climate impacts worldwide.

The table below summarizes the materiality assessment results for this chapter, highlighting the significant impacts, risks, and opportunities associated with the topics covered.

Topic	Major Impacts, Risks and Opportunities	Type	Stage
Climate Strategy and Governance	By providing fully electric vehicle models, the Group offers a more environmentally friendly alternative to traditional internal combustion engines.	Positive Impact	Value Chain
	Scope 1, 2, and 3 emissions generated across the Group's own operations and value chain may amplify adverse impacts on climate change.	Negative Impact	Value Chain
	Different regional regulations and standards regarding carbon data quality and disclosure transparency may create market-access barriers or lead to compliance penalties.	Risk	Own Operations
	Regional green-power supply capacity and fluctuating green-power prices may affect the execution of annual procurement plans or increase green-power purchasing costs.	Risk	Own Operations
	Rapid product iteration and intensified low-price competition in the electrification sector may cause fluctuations in the Group's market share.	Risk	Own Operations
	Extreme weather events such as heavy rainfall and typhoons may cause disruptions in the supply of certain components.	Risk	Value Chain

Topic	Major Impacts, Risks and Opportunities	Type	Stage
	Improved management maturity in smartphone × AIoT businesses can empower smart EV, AI and other new initiatives, further enhancing supply-chain energy/carbon data management and reducing operating costs.	Opportunity	Own Operations
	In response to increasingly frequent extreme weather events, Xiaomi strengthens supply-chain resilience through optimized ecosystem layout, enhanced logistics networks, and upgraded warehousing systems — gaining a competitive edge and securing greater market share.	Opportunity	Value Chain
Water Resources Management	Large volumes of industrial water consumed during manufacturing may intensify water stress in certain high-risk regions, contributing to local water-level decline or water-quality deterioration.	Risk	Value Chain
Waste Management	Controversies arising from wastewater, air-emission, or hazardous-waste pollution may damage the Group's brand reputation and negatively affect financial performance.	Negative Impact	Own Operations

5.1 Climate Strategy and Governance

5.1.1 Climate Governance Structure and Leadership

Climate resilience is not only a risk issue, but also an important cornerstone for the sound operation of Xiaomi's "Human × Car × Home" strategy. To this end, Xiaomi has incorporated climate governance into Xiaomi's highest governance level, with the Board of Directors assuming ultimate governance responsibility for the management of climate-related risks and opportunities. Supported by the Corporate Governance Committee (CGC) and the Sustainability Committee (SC) under the Board, Xiaomi has established a vertical governance structure extending from decision-making to execution. In day-to-day operations, the ESG Working Group drives the implementation of relevant tasks to ensure deep integration of climate strategy and business decision-making.

In our top-level design, we emphasize not only oversight functions, but also the governance team's comprehensive capabilities in navigating industrial transition. Members of the Board and management team bring diversified professional backgrounds spanning technological innovation, industrial design and supply chain management, macroeconomics, and investment insights in the new energy industry, providing solid support for sound decision-making in a complex global climate policy environment. To maintain sensitivity to emerging risks, the Board regularly receives dedicated training on climate-related topics to ensure it continuously possesses the core capabilities required to assess the financial materiality of climate risks.

The Board has incorporated climate issues into its regular oversight process and convenes at least two meetings each year to systematically review ESG and climate priorities. Matters reviewed include progress toward key climate targets, greenhouse gas emissions performance, their potential impacts on Xiaomi's financial position and and evaluation of potential trade-offs associated with climate-related risks and opportunities. Through substantive oversight, Xiaomi ensures that climate risks are identified in a timely manner and translated into strategic considerations that support resilient business growth.

To ensure that climate commitments are translated from strategic consensus into concrete action, we have established a climate-related performance-linked remuneration mechanism, incorporating responsibilities such as clean technology development and green and low-carbon manufacturing into the annual performance evaluation system for relevant management personnel, supporting the timely achievement of Xiaomi's 2040 carbon neutrality target.

5.1.2 Climate Strategy and Transition Plan

In response to the systemic challenges posed by global climate change, we have identified the potential transmission pathways through which transition risks and physical risks may affect Xiaomi's financial position through comprehensive climate scenario analysis.²⁹ On the risk side, the introduction of international and regional external carbon pricing mechanisms under net-zero scenarios is expected to increase upstream raw material sourcing costs and cross-border operating costs. At the same time, climate transition is reshaping end-user demand in both mobility and living scenarios, bringing Xiaomi dual structural growth opportunities. On the one hand, the accelerated global electrification trend validates the strategic foresight of Xiaomi's entry into the smart EV sector. On the other hand, the reality of climate warming is reinforcing long-term rigid demand for efficient cooling and intelligent temperature control products, driving the home appliance market from stock competition toward energy efficiency-driven value upgrading. Leveraging our smart ecosystem, hard-core technology, and product efficiency advantages, Xiaomi is well positioned to benefit from the structural growth dividends generated by the green transition across these two high-frequency, high-value sectors.

Based on the results of our climate scenario analysis, we have further clarified the strategic adjustment directions and annual priorities for both the product and operational sides. By increasing investment in clean technologies and advancing low-carbon transition and green innovation, we continue to enhance climate resilience, reduce related risks, and capture transition opportunities.

Increasing Investment In Clean Technologies

To support implementation of the climate transition plan, Xiaomi has adopted a precise and resolute capital allocation strategy. We regard research and development as core capital for addressing climate challenges, rather than merely a cost expense. During the Reporting Period, Xiaomi's annual R&D investment reached RMB33.1 billion. We continued to concentrate resources in key areas such as electric drive systems, battery systems, low-power chips, materials science, and efficient thermal management, reducing transition costs through both technological progress and scaled application.

²⁹ For key assumptions used in developing transition plan and detailed assessment methodologies, including input data and parameters, climate scenario analysis as well as risk prioritization, please refer to Xiaomi Corporation 2024 TCFD Report.

Furthermore, we actively invest in high-quality enterprises along the new energy vehicle industry chain. This investment focuses on low-carbon technology such as automotive-grade lightweight materials and efficient thermal management systems, continuously driving breakthroughs and scaled application of key clean technologies and building more sustainable cost, technology, and growth advantages.

Green Manufacturing Practices

Against the backdrop of production ramp-up, stable quality, and increasingly stringent carbon constraints, we transform every kilowatt-hour of electricity into higher-quality productivity through more refined data sensing, more efficient process pathways, and a cleaner energy mix.

- Digitalized energy management system:** We adhere to data-driven decision-making. By the end of the Reporting Period, Xiaomi Smart Factory and Xiaomi EV Factory had obtained ISO 50001 Energy Management System certification. At the Xiaomi Smart Home Appliances Factory, we established a four-tier energy management system and promoted deep integration between the digitalized Energy Management System (EMS) and the Industrial Internet of Things (IoT), enabling real-time collection and intelligent dispatch of energy consumption data with management precision down to the individual equipment level. In the stamping workshop, for example, implementation of an automatic shutdown strategy for idle equipment can save up to 43,000 kWh of electricity annually.
- Low-carbon process improvement and waste heat recovery:** We have improved energy efficiency through process redesign. At the Xiaomi EV Factory, a regenerative thermal oxidizer (RTO) system was introduced to treat exhaust gas while recovering high-temperature heat for drying rooms, resulting in a total annual heat recovery of 38,333 GJ. By optimizing the RTO operating temperature to 795°C through precise temperature control, the factory saves 230 cubic meters of natural gas per day on average. In addition, the adoption of Xiaomi HyperCasting enabled more compact production line design, alongside optimization of the mold temperature control system and pipeline layout in the die-casting workshop, reducing the number of temperature control units and operational load, and achieving annual electricity savings of approximately 1.82 million kWh.
- Transition in clean energy mix:** We are accelerating clean energy substitution at our production bases. In 2025, the Xiaomi EV Factory actually consumed 13.34 million kWh of green electricity through access to rooftop distributed photovoltaic systems in the campus. Assuming the relevant environmental attributes are attributable to Xiaomi, and based on the average grid emission factor in the local area, this is equivalent to reducing approximately 8,000 tonnes of CO₂³⁰ in purchased electricity-related emissions. Through the model of “direct rooftop photovoltaic connection + green electricity trading,” the Xiaomi Smart Home Appliances Factory has advanced both renewable energy substitution and decarbonization of purchased electricity. By 2026, it plans to have directly connected photovoltaic electricity cover approximately 15% of its annual electricity demand, continuously advancing the low-carbon factory transition.

30 Unless otherwise stated, all greenhouse gas emission data in this report are presented in carbon dioxide equivalent (CO₂e). Scope 1, Scope 2, and other organizational-level greenhouse gas emission indicators are calculated by aggregating applicable greenhouse gases within the defined accounting boundary, converted to a uniform unit using the 100-year global warming potential values (GWP100) from the IPCC Sixth Assessment Report (AR6). Specific emission reduction figures calculated based on a single carbon dioxide emission factor are presented in carbon dioxide (CO₂) terms.

Strengthening Supply Chain Resilience

In response to the transmission of climate uncertainty along the value chain, we enhance resilience through diversified sourcing, targeted engagement with high-emission suppliers, and low-carbon logistics transition, thereby continuously strengthening the stability and continuity of business operations.

- **Geographical diversification and physical resilience:** To prevent regional supply disruptions potentially caused by extreme weather, we have implemented a diversified sourcing strategy. For key components and raw materials, we have expanded our procurement network across different regions to multiple suppliers with equivalent capabilities, thereby dispersing the geographical exposure of physical assets and reducing the risk that individual climate events such as typhoons and heavy rainfall may disrupt the supply chain.
- **Targeted decarbonization focused on key emission sources:**
 - o For the smartphone business, based on four consecutive years of product carbon footprint assessment data, we have identified key emission hotspots including integrated circuit (IC), display modules, cameras, and batteries, and implemented differentiated carbon management strategies. Among them, 100% of battery suppliers have set emission reduction targets and adopted renewable electricity or purchased renewable certificates. The renewable electricity usage rates of display module and IC suppliers have also exceeded 85% and 46%, respectively. In 2026, we will introduce third-party carbon verification requirements for high-emission suppliers to further improve the quality and verifiability of carbon data.
 - o We actively promote the green energy transition in the production processes of the smart large home appliances supply chain, continuously increasing the proportion of clean electricity. As of the end of 2025, the cumulative installed capacity of photovoltaic systems at the relevant production bases has increased significantly. The total estimated annual power generation of the identifiable photovoltaic projects is approximately 31.88 million kWh, equivalent to reducing emissions by about 26,400 tonnes of CO₂ per year³¹. At the core component level, several production partners manufacturing motors, sheet metal parts and structural components have driven a year-on-year reduction of approximately 5%–25% in comparable energy consumption indicators through a combined approach of “photovoltaic power generation + lean production scheduling + industrial internet transformation”. In the next stage, an air conditioner partner production base has also initiated a new round of photovoltaic projects development, which are expected to increase annual power generation by 3,500 MWh after completion and reduce emissions by approximately 2,896 tonnes of CO₂ per year. As more projects are put into operation, there remains further room to expand the scale of clean electricity substitution in the smart large home appliances supply chain.

31 The emission reductions from photovoltaic power generation are calculated based on the “2023 Power Sector Carbon Dioxide Emission Factors” published by the Ministry of Ecology and Environment and the National Bureau of Statistics on 31 December 2025, using the value in Table 5 “National Fossil Fuel Power Carbon Dioxide Emission Factor” of 0.8273 kgCO₂/kWh. According to the interpretation of this announcement by the Ministry of Ecology and Environment, this factor is defined as the amount of carbon dioxide emissions per unit of fossil-fuel-based electricity generation, and is mainly applicable to scenarios where the nature of electricity needs to be distinguished and only indirect emissions from fossil-fuel-based electricity consumption are accounted for. For the purpose of impact assessment, this report assumes that after newly generated photovoltaic power is integrated into the grid, it marginally prioritizes the substitution of fossil-fuel-based electricity supply. Therefore, this factor is used to estimate the emission reduction effect of photovoltaic power generation replacing fossil-fuel-based electricity. The corresponding emission reductions are calculated as “annual power generation x 0.8273 kgCO₂/kWh”.

- Low-carbon logistics restructuring:** While ensuring the stability of global delivery, we have continued to promote transport mode transition, accelerating the shift from air freight to sea and rail transport. Compared with the baseline transport scheme, optimization of the transport structure reduced emissions by approximately 2,471 tonnes of CO₂e in 2025. For air freight that cannot be avoided, we actively promote carriers to expand the use of Sustainable Aviation Fuel (SAF), achieving around 30% lower carbon emissions compared to conventional aviation fuel³². For intercity logistics, in Chinese Mainland we implemented a direct shipping model, with approximately 3,000 direct shipments completed throughout the year, effectively reducing transshipment frequency. In overseas markets, we strengthened warehousing and distribution capabilities in Belgium and Spain, promoting a transition toward a road part-load model for deliveries across Europe, with an annual transport volume of 1,330 tonnes. For last-mile delivery in Europe, we continued to expand the use of electric vehicles and bicycles, with approximately 720 tonnes of parcels delivered through these methods during the year.

During the Reporting Period, climate-related risks and opportunities had actual effects on certain aspects of Xiaomi's operating costs, capital allocation, and asset operation decisions. On the transition side, renewable electricity procurement, energy efficiency upgrades, clean technology R&D investment, and low-carbon supply chain collaboration have affected capital expenditure, research and development expenses, and the structure of operating costs. At the same time, improvements in energy efficiency, transport mode optimization, and process enhancement also generated benefits in certain energy, logistics, and manufacturing costs. On the physical risk side, extreme weather created certain management costs and operational scheduling pressure for localized production, warehousing, and logistics arrangements, but did not result in a material adverse impact on Xiaomi's overall financial position during the Reporting Period. At this stage, the financial statement line items that have been, or are likely to be, affected mainly include R&D expenses, capital expenditure, energy and utility costs, logistics and transportation costs, inventory management-related costs, and asset investment relating to production facility upgrades and retrofits.

Current And Anticipated Financial Impacts

Over the short, medium, and long term³³, climate-related risks and opportunities are expected to continue to affect Xiaomi's financial performance through channels including cost structure, capital expenditure, asset allocation, market access, and revenue growth opportunities. On the transition risk side, as external carbon pricing mechanisms, product carbon footprint requirements, green access standards, and regulatory requirements in key markets continue to tighten, Xiaomi expects to continue allocating resources to compliance management, low-carbon R&D, supply chain decarbonization collaboration, and clean energy substitution, which may affect procurement costs, manufacturing costs, compliance costs, and capital expenditure. On the physical risk side, events such as extreme heat, typhoons, heavy rainfall, and flooding may impose higher requirements on localized production continuity, logistics timeliness, warehousing safety, and facility resilience, and may result in additional operating buffer costs, insurance costs, and adaptation-related investment needs.

32 The associated environmental attributes and emission reduction effects have been separately disclosed to the reporting assurance provider in accordance with applicable accounting rules.

33 Details on significant areas of uncertainty considered in the assessment our climate resilience and our capacity to adjust, or adapt our strategy and business model to climate change over the short, medium or long term, please refer to Xiaomi Corporation 2024 TCFD Report.

At the same time, the climate transition also creates new financial opportunities for Xiaomi. As demand continues to grow for smart EVs, high-efficiency smart home appliances, low-power devices, and green supply chain products, Xiaomi expects that related product innovation, market expansion, and efficiency enhancement will support revenue growth, product premium potential, and long-term asset value. Xiaomi will continue to refine its assessment methodologies for anticipated financial effects by integrating climate scenario analysis, business planning, and financial planning, and will further enhance the level of quantitative disclosure as the underlying data and methodologies mature.

Climate-Related Uncertainties and Adaptive Capacity

While Xiaomi has systematically identified climate-related risks and opportunities through climate scenario analysis, uncertainties remain regarding the long-term trajectory of climate change, the pace of global policy alignment, and technological developments. For example, the evolution of carbon pricing mechanisms across different jurisdictions, changes in regulatory requirements in key markets, and variations in the frequency and intensity of extreme weather events may result in differentiated impacts on Xiaomi's future operating environment. Based on current assessments, Xiaomi has not identified any single factor that would give rise to material uncertainty affecting its overall business model or financial position. Climate-related risks are considered to be within a manageable range, and their potential impacts can be effectively mitigated through existing management systems and strategic measures.

To address uncertainties, Xiaomi continues to strengthen its adaptive capacity across different time horizons:

- Short term (1–3 years): enhancing responsiveness to extreme weather events and policy changes through dynamic risk monitoring mechanisms, diversified supply chain arrangements, and flexible inventory and logistics management, ensuring operational continuity;
- Medium term (3–10 years): progressively adjusting cost structures and production models through continued optimization of energy mix, process upgrades, and supply chain decarbonization collaboration, to align with the low-carbon transition;
- Long term (10 + years): leveraging technological innovation capabilities and the "Human × Car × Home" strategy to proactively position in business areas such as smart EVs, low-power devices, and high-efficiency smart large home appliances, capturing structural growth opportunities arising from the climate transition.

Overall, by integrating climate considerations into strategic decision-making, operational management, and technological innovation, Xiaomi is well positioned to maintain business resilience and sustainable growth under different climate scenarios.

5.1.3 Climate Risk Management

Xiaomi has integrated climate risk management into Xiaomi's enterprise risk management (ERM) framework and, in accordance with TCFD and IFRS S1/S2, established a closed-loop management mechanism covering "identification, assessment, prioritization, and monitoring" to ensure that climate factors are substantively incorporated into core business decision-making.

Based on a systematic climate risk identification mechanism, we dynamically identify actual and potential climate-related risks across the value chain from two major categories: physical risks and transition risks. On this basis, we conduct climate scenario analysis using authoritative scenarios published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), with a focus on assessing the potential transmission pathways through which climate risks may affect the Xiaomi's financial position, including operating costs, capital expenditures, asset values, and financing costs. We also provide quantitative support for financial planning through baseline impact estimation and cost-benefit analysis of mitigation measures.

We prioritize identified risks based on the principle of financial materiality by evaluating both the likelihood of occurrence and the extent of impact on financial performance such as revenue and costs, thereby allocating resources first to key risk areas with material impacts. For example, in response to increasingly frequent extreme weather events, we have refined risk management down to the asset operation level and conduct routine monitoring of typhoon-related work stoppage and logistics disruption risks at coastal manufacturing and warehousing hubs such as Shenzhen and Dongguan. Based on practical experience from previous typhoon responses, we have optimized a coordinated response mechanism of "weather warning — advance inventory positioning — logistics route switching" to enhance supply chain delivery resilience. At the same time, for production bases located near water bodies, we incorporate flood exposure simulation under high-emission scenarios into warehouse site selection and design standards, thereby minimizing future asset loss risks at the physical level.

In response to the global low-carbon transition trend, we focus on assessing impacts on market access and cost structures. For overseas markets such as the European Union, we simulate emerging policy barriers such as the Carbon Border Adjustment Mechanism (CBAM) and the EU Battery Regulation, feeding compliance requirements into the R&D stage in advance. Through product carbon footprint (PCF) accounting across the full lifecycle and increased use of recycled materials, we help ensure continued market competitiveness under increasingly stringent global regulation.

Based on a milestone-based progress monitoring approach, we review key indicators (such as carbon emissions intensity and renewable energy ratio) at established time points to form a clear data-driven view. Once deviations in indicators are identified, the system triggers targeted review and assessment and, where necessary, recalibrates action pathways to ensure risks remain within a controllable range.

5.1.4 Climate Metrics and Targets

We firmly believe that only what is measurable can be managed. Xiaomi has established a quantitative metrics system covering the entire value chain. Through multidimensional climate target setting and rigorous performance tracking, we transparently present Xiaomi's substantive progress in transitioning toward a low-carbon economy.

Climate Targets And Decarbonization Pathway

We have established clear and ambitious gross greenhouse gas emission targets and are committed to translating climate commitments into hard constraints:

- By no later than 2030, reduce emissions³⁴ from existing business segments³⁵ to 30% of the base year³⁶ level.
- By 2035, achieve 100% renewable electricity use in our own operations.
- By 2040, achieve carbon neutrality in our own operations for existing business segments, use 100% clean heat in our own operations, and achieve 100% renewable energy use.

In addition, Xiaomi actively guides supply chain partners toward green transition by requiring core suppliers to formulate greenhouse gas reduction targets and renewable energy use plans aligned with or more ambitious than Xiaomi's own targets, thereby continuously reducing Scope 3 emissions.

Target-Setting Methodology and Validation

In the process of target setting and pathway design, Xiaomi systematically references multiple internationally recognized frameworks and climate science foundations. Guided by the goal of limiting global warming to within 1.5°C under the Paris Agreement, we draw on climate scenarios published by the Intergovernmental Panel on Climate Change (IPCC), sectoral pathways from the International Energy Agency (IEA), and relevant low-carbon transition practices to ensure alignment with global climate science consensus. In terms of pathway design, we engage external professional institutions and adopt a combination of top-down and bottom-up approaches, integrating business development realities. Emission reduction pathways are modeled and calibrated based on greenhouse gas inventory data verified under ISO 14064 and climate scenario analysis results, ensuring that targets are scientifically robust, comparable, and actionable. At the accounting and disclosure level, we define emission boundaries and greenhouse gas categories³⁷ in accordance with the GHG Protocol and conduct unified accounting using carbon dioxide equivalent (CO₂e). At the same time, we align our disclosure approach with the requirements of IFRS S2 issued by the International Sustainability Standards Board (ISSB), ensuring consistency with mainstream international disclosure practices. Current targets primarily cover Scope 1 and Scope 2 emissions within our operational boundary.

³⁴ Existing business segments: Smartphone, IoT and Lifestyle products, Internet Services, and others, as the scope of revenue business in Xiaomi Corporation's 2023 Annual Report.

³⁵ Emissions: the results (absolute value) of Xiaomi's greenhouse gas accounting conducted in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard and ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, among other relevant standards.

³⁶ Base year: 2021.

³⁷ The main types of greenhouse gas emissions involved in the Group include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs).

On this basis, the Group has incorporated Scope 3 emissions into key management priorities, continuously advancing value chain decarbonization through measures such as supply chain emission reduction, product carbon footprint management, and green logistics. As of the end of the Reporting Period, these targets have been reviewed and approved internally within the Group's governance framework, but have not yet undergone independent third-party verification. Going forward, as data foundations and management systems continue to improve, Xiaomi will further assess the feasibility of third-party verification or alignment with the Science Based Targets initiative (SBTi), to enhance the transparency and external verifiability of its targets.

Greenhouse gas emissions from emerging businesses such as smart EV have gradually stabilized following the completion of production ramp-up. We will set appropriate baseline years and carbon reduction targets for these businesses in due course. The targets for emerging businesses will be aligned with those of existing businesses.

Operational Carbon Emissions Performance

Xiaomi Corporation strictly complies with national and industry standards and regulations on energy consumption limits, and fulfills the energy conservation, consumption reduction, and dual control targets assigned by regulatory authorities in each operating location on schedule.

We continue to improve carbon efficiency per unit of growth, supporting higher-quality growth through more efficient energy use and a lower-carbon electricity mix. In 2025, driven by deeper energy efficiency management systems and energy mix optimization, Xiaomi's total greenhouse gas emissions within the operational boundary amounted to 332,886.08 tonnes of CO₂e, including 49,633.07 tonnes CO₂e for Scope 1³⁸ and 283,253.01 tonnes CO₂e for Scope 2³⁹. GHG emissions per unit energy consumption reached 0.44 tonnes of CO₂e per MWh, representing a year-on-year decrease of approximately 7%. This demonstrates that we are systematically enhancing overall energy efficiency while expanding production capacity.

As of the end of the Reporting Period, the overall carbon emission level of our existing businesses and facilities has decreased by approximately 16% compared to 2021.

Value Chain Emissions Management

We are committed to extending emissions reduction management from our own operations to every stage of the full lifecycle, including raw materials, manufacturing, transport, use, and recycling. In accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, we are carrying out refined accounting of full value chain emissions for 2025, with complete data to be disclosed in September 2026.⁴⁰

38 Greenhouse gas emissions from the Group's operations arising from the consumption of natural gas and gasoline, as well as direct fugitive emissions from processes such as the use of refrigerants, fire extinguishers, and wastewater treatment.

39 Greenhouse gas emissions resulting from the consumption of purchased electricity and purchased heat in the Group's operations.

40 Relevant information will be disclosed on Xiaomi ESG and Sustainability website's "Climate Resilience" page.

Product Carbon Footprint Management

In 2025, we completed full lifecycle carbon footprint accounting for more than 20 representative products, including smartphones and smart EVs. As product-level carbon data continues to accumulate, we are able to identify emissions reduction opportunities more systematically across design, materials, manufacturing, transport, use, and end-of-life stages, and convert these insights into the basis for product optimization and value chain collaboration.

5.2 Water Resources Management

We strictly comply with the laws and regulations of our operating locations. Through science-based water management strategies, we optimize water-use efficiency, strengthen water recycling and reuse, reduce the dependence of our operations on water resources, and promote the coordinated advancement of efficient water use and ecological protection.

5.2.1 Water Resources Management Principles

We implement a responsible water resource management approach, covering the entire water lifecycle, including water withdrawal, use, recycling, treatment, and compliant discharge. Our management measures cover production, domestic, reclaimed, cooling circulation water, and wastewater to ensure efficient and safe water use across operations.

We have established an efficient and scientific management mechanism, with collaboration across multiple departments including the ESG Working Group, Factory Integrated Management, and Workplace Administration. We continuously develop and implement optimization plans for water resource management at each facility and report regularly to senior management to ensure the effective implementation of all initiatives. During the operation of the Xiaomi Science and Technology Campus, we have consistently strictly adhered to water resource-related laws and regulations, maintaining a zero-violation record.

During the year, we launched a series of water-saving technical renovations and process optimizations. The reclaimed water reuse rate reached 37% at our owned offices and 61% at our owned manufacturing facilities, both meeting the annual water-saving targets⁴¹.

For more details on Xiaomi's water resource management strategies and improvement plans, please refer to the Natural Resources page disclosed on Xiaomi's official ESG and Sustainability website.

⁴¹ The targets for the year were set based on existing sites in 2024 and did not include newly added office campuses and production facilities in 2025.

5.2.2 Water Use Monitoring And Operational Management

Xiaomi adopts a systematic water conservation management model that covers water usage monitoring, water consumption reduction, water recycling, wastewater quality improvement, and fostering employee awareness of water conservation. In 2025, Xiaomi did not experience any water supply issues.

Water Resource Operations Management

We have deployed smart monitoring devices at key water usage points in our factories to track water consumption in real time, and have installed multi-level metering devices to monitor and analyze the efficiency of our water recycling systems.

We conduct regular testing of secondary water supply systems and drinking water dispensers to ensure water quality consistently meets standards and safeguard employee health. In office campuses, we assign dedicated staff to record water usage data, monitor total daily water consumption, and collaborate with cleaning staff to regularly inspect restroom water facilities, preventing abnormal water consumption caused by equipment malfunctions.

At the same time, we place great emphasis on promoting water conservation awareness through training, integrating water conservation management into employee onboarding and daily training programs, and conducting at least one online or in-person training session annually. For key positions, we have established an incentive and disciplinary mechanism to strengthen compliance management and ensure the continuous optimization of water resource management strategies.

Factory Water Usage Improvement

- **Xiaomi Smart Factory**
 - o Precision humidity control systems are deployed in cleanrooms and specialized workstations to reduce unnecessary water use while meeting production environment requirements. Relevant factory areas have been connected to reclaimed water pipelines to continuously raise the on-site reclaimed water utilization ratio.
 - o Wastewater reuse renovations have been completed: reverse osmosis concentrate is collected, treated and used for on-site toilet flushing and landscaping, saving 3,000 to 5,000 metric tonnes of domestic water annually.

- **Xiaomi EV Factory**
 - o Seven new rainwater regulation and storage tanks with a total capacity of 27,500 cubic meters were constructed to meet irrigation needs for landscaping.
 - o The reclaimed water station in Xiaomi EV Factory was upgraded by installing security filters and additional backwashing equipment. Following the retrofit, the reclaimed water system treated a total of approximately 137,400 tonnes of water in 2025.

- o The purified water plant has comprehensively improved the overall water circulation efficiency of the system through upgrades to the pretreatment process and modifications to the water reuse workflow. We optimized the sand-carbon filtration system to enhance the quality of pretreatment water and ensure the operational efficiency of the reverse osmosis system. Additionally, we implemented a secondary concentrate recovery retrofit by redirecting the concentrate generated in the second-stage pure water production process to the first-stage pure water tank for reuse, which alone delivers an annual water saving of approximately 70,000 cubic meters.
- **Xiaomi Smart Home Appliance Factory**
 - o For our newly constructed Smart Home Appliance Factory in the year, the configuration of water circulation systems was prioritized in the design phase, with closed-loop cooling systems, wastewater reuse systems and hot water circulation systems have been installed at the factory, contributing to an overall process water recycling rate of approximately 80%.

5.3 Waste Management

Xiaomi strictly complies with environmental laws and regulations in the locations where we operate. In Chinese Mainland, we adhere to the environmental legal framework led by the Ecological and Environmental Code of the People's Republic of China, supported by specialized laws such as the Law on the Prevention and Control of Atmospheric Pollution, the Law on the Prevention and Control of Water Pollution, and the Law on the Prevention and Control of Environmental Pollution by Solid Waste. We fully implement the pollutant discharge permit management system to ensure that all production and operational activities are conducted in compliance within permitted limits, and we fulfill pollutant reduction and total emission control targets required by regulatory authorities in each operating location on schedule.

As of the end of the Reporting Period, the Group has achieved full coverage of ISO 14001 Environmental Management System certification across its mature operating businesses and continues to pass annual surveillance audits. Newly established business entities are progressing with system development and certification in accordance with the plan.

5.3.1 Waste Management Principles

Manufacturing bases across the Corporation conduct waste management in accordance with formally established internal policies, including the Waste Management Policy, Chemical Safety Management Policy and Solid Waste Full Lifecycle Management Policy. These policies cover the full lifecycle of waste management, from generation and classification to storage, transfer, treatment, and disposal, ensuring consistent governance requirements, compliant operations, and effective supervision across different factories.

Our waste management strategy follows five core principles, which guide operational practices:

1. Legal Compliance Principle

We strictly adhere to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Pollution Control Standards for Hazardous Waste Storage, and all relevant national and local regulations. Each facility continuously updates its management standards to ensure compliant operations.

2. Pollution Elimination Principle

We implement comprehensive measures to minimize or prevent the generation and migration of pollutants (including leachate, VOCs, and particulate matter) throughout the waste storage and handling process, thereby minimizing impacts on the environment and surrounding communities.

3. Classification and Segregation Principle

Waste is managed according to its hazardous characteristics, physical form, chemical properties, and compatibility. Dedicated collection and storage areas are established, and the mixing of incompatible waste is strictly prohibited.

4. Safety-First Principle

Personnel health and safety are prioritized. Through professional training, provision of protective equipment, and emergency response mechanisms, environmental, safety, and occupational health risks are systematically identified and controlled.

5. Full Traceability Principle

An electronic management ledger is established to record the entire lifecycle of waste from generation to final disposal. An electronic waste transfer manifest system is implemented to ensure full traceability and real-time monitoring throughout the process.

5.3.2 Waste Management Practices

Xiaomi implements its waste management framework through standardized operational controls measures and advances it in coordination with air emission management and wastewater treatment, thereby achieving integrated environmental management of manufacturing operations.

Integrated Environmental Management and Pollution Control

Xiaomi implements an integrated environmental management approach in its manufacturing operations. Air emissions are controlled through source control, process enclosure, and end-of-pipe treatment facilities, while wastewater generated from production and laboratory activities is discharged or reused after meeting standards through on-site treatment systems.

Solid waste is managed through classification based on regulatory requirements and material characteristics. Hazardous waste and general waste are stored separately in designated areas to prevent leakage, volatilization, and secondary pollution. Each facility is equipped with emergency collection and response facilities to address accidental leaks and minimize environmental impacts.

These measures are supported by online monitoring systems and regular inspection mechanisms to enhance real-time monitoring and early warning capabilities for key environmental parameters. Personnel responsible for environmental and waste management receive role-specific training, and compliance is verified through internal supervision, inspections, and audit mechanisms to drive continuous improvement.

At the same time, we ensure that the transfer and disposal of all hazardous and general waste comply with applicable laws, regulations, and internal management requirements. Waste transfer is conducted according to established procedures, while disposal is entrusted to qualified third-party service providers with the necessary technical capabilities.

Waste Reduction, Reuse and Recycling Measures

Xiaomi implements a 3R waste management strategy — Reduce, Reuse, and Recycle — across its manufacturing operations, prioritizing waste reduction at source, followed by reuse and recycling, to improve resource efficiency.

- **Reduction:**
 - o **Hazardous waste minimization:** The Xiaomi EV Factory promotes the reduction of hazardous waste through process optimization and improved consumables management. In 2025, the factory implemented more than 20 hazardous waste reduction measures, including optimizing the service life of coating consumables and enhancing the utilization efficiency of wiping materials, thereby reducing hazardous waste generated per vehicle at the source.
 - o **Preference for green raw and auxiliary materials:** At Xiaomi Smart Home Appliances Factory, over 80% of the powder coatings used are low-VOCs products that comply with GB/T 38597 Technical Requirements for Low Volatile Organic Compound Content Coating Products, reducing atmospheric pollutant emissions at the source.
- **Reuse:**
 - o **Production auxiliary reuse:** Xiaomi Smart factory implemented a material tray recycling mechanism. Through special identification, designated storage locations, and dedicated personnel management, trays are reused throughout their lifecycle. Compared with single-use practices, this approach reduces approximately 2,000 kg of tray waste.
 - o **Material reuse in injection moulding operations:** In the injection molding workshop of Xiaomi Smart Home Appliances Factory, a recycling process is adopted on-site to regenerate clean scraps generated during production. A 25% reuse rate has been achieved for ABS, HIPS and PP pellets, effectively reducing the consumption of raw and auxiliary materials.

- **Recycling:**

- **Recovery and recycling of waste oils and condensates:** At Xiaomi Smart Home Appliance Factory, vacuum degreasing and drying processes are equipped with condensation and recovery systems that capture waste oils and condensates for secondary recycling. Recovered waste oil is transferred to qualified recyclers for reuse, creating both environmental and economic value.
- **Resource utilization of general recyclable waste:** General recyclable waste generated during production, such as plastics, metals, and paper, is sorted at the source and transferred to qualified recycling entities for resource recovery, reducing the volume requiring final disposal.

5.3.3 Waste Metrics And Targets

Xiaomi has established clear waste management targets and performance indicators for each factory. The targets are reviewed periodically and refined based on operational conditions, regulatory developments, and continuous improvement opportunities.

	2025 Targets	Status
Xiaomi Smart Factory	<ul style="list-style-type: none"> • 100% Hazardous Waste Compliance Rate • Waste Diversion Rate (WDR) → 99% 	<ul style="list-style-type: none"> • 100% hazardous waste treated in compliance • WDR reached 99.38%
Xiaomi EV Factory	<ul style="list-style-type: none"> • Zero solid waste non-compliance incidents • Emission concentrations of air pollutants (NO_x, VOCs) and wastewater pollutants (COD, ammonia nitrogen) maintained below 50% of permitted discharge limits 	<ul style="list-style-type: none"> • Zero solid waste non-compliance incidents achieved • Emissions of all listed air and wastewater pollutants remained below 50% of permitted limits
Xiaomi Smart Home Appliances Factory	<ul style="list-style-type: none"> • Full-process compliant management of hazardous and general waste • Emission concentrations significantly below regulatory limits 	<ul style="list-style-type: none"> • Full lifecycle waste management implemented with end-to-end traceability • Air and wastewater emission concentrations maintained below 50% of national standards limits

In 2025, the Group's environmental management performance in manufacturing operations continued to receive external recognition. The Xiaomi Smart Factory obtained a Zero Waste to Landfill Management System Certificate at the highest global rating of three stars, and was selected as a National Green Factory. The Xiaomi EV Factory was also recognized as a National Green Factory and awarded the Beijing Green Benchmark Enterprise (Deep Green) designation. These achievements demonstrate our effectiveness in green manufacturing, resource management, and pollution prevention and control.

APPENDICES

Stakeholder Engagement Details Table

Key Stakeholders	Issues Most concerned	Main Communication Channels
Users	<ul style="list-style-type: none"> • Product Quality and Safety • Responsible Marketing and Compliant Operations • Service Quality • Transformative Technology • Data Security and Privacy Protection • Green Product and Circular Economy 	<ul style="list-style-type: none"> • Mi Home • Product launch events • Social media • Xiaomi Fan activities • The official website and applications • Product information disclosure • User service channels
Stakeholders and Investors	<ul style="list-style-type: none"> • ESG Risk Management • Corporate Governance • Stakeholder Engagement • Materiality Assessment 	<ul style="list-style-type: none"> • Annual general meetings • Investor meetings and events • Annual reports/interim reports • Results announcements • The official website • Press releases/notices
Employees	<ul style="list-style-type: none"> • Employee Benefits and Diversity • Business Ethics 	<ul style="list-style-type: none"> • Training • Internal announcements • Employee satisfaction surveys • Work communication meetings • The labor union • Employee service channels
Suppliers	<ul style="list-style-type: none"> • Sustainable Supply Chain Management • Partner Collaboration and Technology Ecosystem Development • Product Quality and Safety • Climate Strategy and Governance 	<ul style="list-style-type: none"> • Supplier conference • Supplier audits • Empowerment and training • Dialogue and grievance mechanisms • Business and technical collaboration
Operators	<ul style="list-style-type: none"> • Product Quality and Safety • Data Security and Privacy Protection • Sustainable Supply Chain Management • Climate Strategy and Governance 	<ul style="list-style-type: none"> • Synergy and collaboration • Executive dialogues • Sustainability seminars • Survey and questionnaire responses • Third-party audits

Key Stakeholders	Issues Most concerned	Main Communication Channels
Regulators	<ul style="list-style-type: none"> • Corporate Governance • Business Ethics • Climate Strategy and Governance • Water Resources Management • Waste Management 	<ul style="list-style-type: none"> • Regular inquiries • Policy consultations • Executive dialogues • Reporting procedures • On-site inspections • Opinion contributions
Community	<ul style="list-style-type: none"> • Community Engagement • Stakeholder Engagement • Water Resources Management • Waste Management 	<ul style="list-style-type: none"> • Community impact activities • Product launch events • Local recruitment • Charity works • Social media
International organization and non-governmental organizations (NGOs) and associations	<ul style="list-style-type: none"> • Climate Strategy and Governance • Green Product and Circular Economy • Data Security and Privacy Protection • Community Engagement 	<ul style="list-style-type: none"> • Industry conferences • Forums and working groups • Seminars • Project-based collaboration • Survey and questionnaire responses
Media	<ul style="list-style-type: none"> • Product Quality and Safety • Responsible Marketing and Compliant Operations • Transformative Technology 	<ul style="list-style-type: none"> • Product launch events • Product trial experience invitations • Press releases/announcements • The official website • Media interviews • Media conference calls

Key ESG Performance Indicators

Key Environmental Indicators

Unit	2025		2024		2023		
	Total	Smartphone x AIoT	Smart EV, AI and Other New Initiatives	Total	Smartphone x AIoT	Smart EV, AI and Other New Initiatives	Total
Energy							
Total Comprehensive Energy Consumption	761,685.55	255,615.59	506,069.95	446,773.73	210,187.12	236,586.61	211,171.84
Direct Energy Consumption ⁴²	189,856.56	16,789.36	173,067.19	89,591.53	14,622.47	74,969.06	19,418.57
Indirect Energy Consumption ⁴³	571,828.99	238,826.23	333,002.76	357,182.20	195,564.65	161,617.55	191,753.27
Renewable Energy	54,707.76	41,368.13	13,339.63	5,662.20	3,662.83	1,999.37	372.00
Purchased Green Electricity Consumption	41,148.00	41,148.00	0.00	3,662.83	3,662.83	0.00	372.00
Photovoltaic Electricity Consumption ⁴⁴	13,559.76	220.13	13,339.63	1,999.37	0.00	1,999.37	0.00
Non-Renewable Energy	706,977.79	214,247.46	492,730.33	444,774.36	210,187.12	234,587.23	211,171.84
Natural Gas	189,772.12	16,774.46	172,997.66	89,574.65	14,617.83	74,956.82	19,385.80
Gasoline	6.77	6.77	0.00	4.64	4.64	0.00	6.26
Diesel	77.67	8.13	69.54	12.24	0.00	12.24	26.51
Purchased Electricity	405,947.64	153,384.89	252,562.75	249,945.11	142,003.15	107,941.96	121,764.81
Purchased Heat	111,173.59	44,073.21	67,100.38	105,237.72	53,561.50	51,676.21	69,988.46

42 Direct energy sources include natural gas, gasoline, and diesel.

43 Indirect energy sources include purchased electricity, purchased heat, purchased green electricity, and photovoltaic electricity.

44 2024 photovoltaic electricity consumption at Xiaomi EV Factory is disclosed as a supplementary figure in this report.

Unit	2025		2024		2023		
	Total	Smartphone x AIoT	Smart EV, AI and Other New Initiatives	Total	Smartphone x AIoT	Smart EV, AI and Other New Initiatives	Total
Greenhouse Gas							
Total greenhouse gas emissions	332,886.08	133,808.61	199,077.47	10,787,758.12	111,827.14	97,887.63	10,005,470.41
Scope 1 emissions	49,633.07	10,719.97	38,913.10	31,295.64	11,804.78	19,490.86	12,252.52
Scope 2 emissions (location-based)	283,253.01	123,088.64	160,164.37	178,419.13	100,022.36	78,396.77	104,470.04
Scope 3 emissions	Expected to be disclosed in September 2026.			10,578,043.35			9,888,747.85
Resources							
Water Withdrawal	2,223,562.75	1,042,543.99	1,181,018.76	1,260,854.62	854,339.03	406,515.59	687,453.75
Fresh Water Consumption	1,994,708.75	813,689.99	1,181,018.76	1,045,853.62	639,338.03	406,515.59	523,100.75
Reclaimed Water							
Consumption	228,854.00	228,854.00	0.00	215,001.00	215,001.00	0.00	164,353.00
Water Discharge	1,641,187.26	833,981.25	807,206.01	926,432.49	683,471.23	242,961.27	562,194.62
Total Packaging Materials Used for Finished Products	14,765.34	8,300.66	6,464.68	7,424.76	5,730.06	1,694.70	4,254.86
Waste							
Non-hazardous Waste	53,630.80	18,629.14	35,001.66	21,858.51	11,020.01	10,838.51	7,174.83
Hazardous Waste	4,649.59	151.53	4,498.06	1,750.52	94.74	1,655.78	95.78
Environmental Emissions							
Direct NOx Emissions	1.520	0.271	1.249	1.202	0.131	1.071	0.336
Direct VOCs Emissions	36.590	7.261	29.329	8.756	0.073	8.683	0.214
Chemical Oxygen Demand (COD) Emissions	84.995	42.032	42.963	45.742	35.055	10.687	—
Biochemical Oxygen Demand (BOD) Emissions	13.127	13.127	0.000	11.599	11.599	0.000	—
NH ₃ -N Emissions	9.657	5.468	4.189	4.023	3.223	0.800	—
Sulfur Oxides (SOx) Emissions	0.014	0.014	0.000	0.008	0.008	0.000	—

Use Intensity	Unit	2025	2024	2023
Energy consumption per unit of revenue	MWh/RMB billion	1665.66	1221.01	779.32
Greenhouse gas emissions per unit of energy consumption	tonne (Mt) of CO ₂ e / MWh	0.437	0.469	0.553
Water consumption per unit of revenue	tonnes/RMB billion	4362.05	2858.25	1930.47
Non-hazardous waste generated per unit of revenue	tonnes/RMB billion	117.28	59.74	26.48
Hazardous waste generated per unit of revenue	tonnes/RMB billion	10.17	4.78	0.35
Packaging material consumption per unit of revenue	tonnes/RMB billion	32.29	20.29	15.70

Key Social Indicators

		Unit	2025	2024	2023
Employees					
Total Workforce ⁴⁵		Person	60,438	46,426	35,116
New Employees		Person	19,091	14,648	7,257
By Employment Type	Full-time Employees	Person	56,531	43,688	33,627
	Part-time Employees and Interns	Person	3,907	2,738	1,489
By Gender	Male	Person	39,958	30,666	23,285
	Female	Person	16,573	13,022	10,342
By Age Group	Under 30	Person	22,299	13,396	12,025
	30-50	Person	33,860	29,946	21,356
	Above 50	Person	372	346	246
By Geographic Region	Chinese Mainland, Hong Kong, Macao and Taiwan	Person	54,122	41,643	31,671
	Other Asian Countries and Regions	Person	1,507	1,401	1,361
	Europe	Person	735	531	534
	North America	Person	66	54	47
	South America	Person	97	59	14
	Africa	Person	0	0	0
	Oceania	Person	4	0	0
By Professional Category	R&D	Person	25,457	21,190	17,800
	Sales and Marketing	Person	20,592	15,540	15,827
	Manufacturing	Person	3,698	1,853	
	Administrative and Others	Person	6,784	5,105	

⁴⁵ The total workforce includes the Group's full-time employees, as well as part-time employees and interns directly employed by us. However, the following employees statistics categorized by gender, age, region, position, cohort level, ethnicity, and special groups cover full-time employees only.

			Unit	2025	2024	2023
By Cohort Level	Senior	Male	Person	387	335	293
		Female	Person	81	70	59
	Mid-Level	Male	Person	18,067	14,786	11,699
		Female	Person	6,135	5,069	4,100
	Junior	Male	Person	21,504	15,545	11,294
		Female	Person	10,357	7,883	6,182
By Ethnic Groups	Han Ethnicity		Person	50,834	39,030	29,508
	Ethnic Minorities		Person	2,717	2,125	1,637
	Others ⁴⁶		Person	2,980	2,533	2,482
By Special Groups	Disabled		Person	611	512	347
Female	Percentage of Women in STEM Positions		%	20.77	21.68	—
Employee Turnover⁴⁷						
Employee Turnover			%	16.85	10.75	11.98
By Gender	Male		%	16.57	10.50	11.20
	Female		%	17.53	11.33	13.71
By Age Group	Under 30		%	19.31	14.97	16.10
	30–50		%	15.15	8.73	9.57
	Above 50		%	26.88	21.68	19.91
By Geographic Region	Chinese Mainland		%	16.74	10.08	10.44
	Regions beyond the Chinese Mainland		%	19.13	23.36	19.42
Health and Safety						
Work-Related Fatalities			Person	1	—	—
Work-Related Fatality Rate			% ₀₀	0.18	0.00	0.00
Lost Days Due to						
Work-Related Injuries			Day	947.38	693.63	1,190.00
Number of Work-Related Injuries			—	53	40	34
Number of recordable occupational disease cases			Person	0	0	0
Absentee Rate			%	2.32	1.80	—

⁴⁶ Others include foreign employees and those whose ethnicity is not documented.

⁴⁷ The employee turnover is calculated based on voluntary turnover rate.

		Unit	2025	2024	2023		
Training and Development							
Training Rate	Overall Training Rate		%	96.32	98.74	98.13	
	By Gender	Male	%	96.52	98.82	98.20	
		Female	%	96.40	98.55	98.00	
	By Cohort Level	Senior	%	95.12	98.24	98.10	
		Mid-Level	%	99.29	98.96	98.25	
		Junior	%	98.40	98.56	98.00	
Average Number of Training Hours ⁴⁸	Overall Average Number of Training Hours		Hour	21.60	38.20	30.17	
	By Gender	Male	Hour	20.50	38.05	30.68	
		Female	Hour	22.05	38.55	29.10	
	By Cohort Level	Senior	Hour	11.50	28.32	22.99	
		Mid-Level	Hour	19.36	36.81	35.27	
		Junior	Hour	22.53	39.55	30.48	
	By Training Type	General Skills Training		Hour	3.94	13.29	17.66
		Professional Skills Training		Hour	1.57	3.78	1.41
		Leadership Training		Hour	13.69	36.72	22.38
Performance/Development	Percentage of employees receiving performance and career development reviews		%	100.00	100.00	100.00	
Supplier Distribution							
Total Tier-1 Suppliers		—	1,883	1,148	1,112		
By Geographic Region	Northeast China		—	29	12	—	
	North China		—	146	112	—	
	Northwest China		—	8	5	—	
	Southwest China		—	78	41	—	
	Central China		—	144	72	—	
	East China		—	774	408	—	
	South China		—	514	392	—	
	Regions beyond the Chinese Mainland		—	190	106	—	
Total Tier-1 Key Suppliers		—	690	291	—		

⁴⁸ From this year onward, Average Number of Training Hours are calculated solely based on training records captured in the online system with verifiable completion status, excluding offline training, training without complete completion records, and department training not centrally recorded in the system.

			Unit	2025	2024	2023	
Products and Services							
Total R&D Investment			RMB billion	33.1	24.1	19.1	
Number of Patents	Number of Patents Granted		—	45,000+	42,000+	37,000+	
	Number of Trademarks Registered		—	54,000+	49,000+	—	
Number of Complaints with Identified Responsibility in the Globe			—	59,217	78,053	71,682	
Resolution Rate of Complaints with Identified Responsibility within 72 Hours ⁴⁹			%	78.13	95.04	99.95	
Product Recall Rate Due to Safety and Health Reason	EV products ⁵⁰		%	35.89	0.00	—	
	Power bank products ⁵¹		%	0.98	0.00	0.00	
Total E-Waste Recycled			tonne (Mt)	23,640.97	19,698.15	12,260.00	
Sustainable Raw Materials							
Metal Usage ⁵²	Steel/Iron	tonne (Mt)	tonne (Mt)	tonne (Mt)	179,683.78	56871.95	—
		Proportion of Recycled Material Usage	%	20.65	19.04	—	
	Copper	tonne (Mt)	tonne (Mt)	tonne (Mt)	15,830.88	104052.68	—
		Proportion of Recycled Material Usage	%	12.63	12.00	—	
	Other Metals	tonne (Mt)	tonne (Mt)	tonne (Mt)	3,195.92	666.67	—
		Proportion of Recycled Material Usage	%	—	0.00	—	
	Total Usage	tonne (Mt)	tonne (Mt)	tonne (Mt)	26,773.13	8080.44	—
		Proportion of Recycled Material Usage	%	—	0.00	—	
	Plastic Usage	tonne (Mt)	tonne (Mt)	tonne (Mt)	342,604.02	169005.07	—
		Proportion of Recycled Material Usage	%	22.48	13.79	—	
Anti-Corruption							
Number of concluded corruption litigation cases			—	1	0	0	

49 In 2025, we optimized the tiered response mechanism to efficiently address simple requests, resulting in a decrease in the total number of complaints. However, the complaint structure became more concentrated in complex cases, placing pressure on the 72-hour resolution rate for accountable customer complaints.

50 All recall cases during the Reporting Period were completed via OTA.

51 The scope of this statistical data is limited to Chinese Mainland.

52 The metal usage data excludes metal materials used in battery cell.

INDEX OF INDICATORS

HKEx ESG Reporting Code Index

Environmental

Environmental, Social and Governance Indicators		Section
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Waste Management
A1.1	The types of emissions and respective emissions data.	Key Environmental Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Environmental Indicators
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Environmental Indicators
A1.5	Description of emission target(s) set and steps taken to achieve them.	Waste Management Climate Strategy and Governance
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Climate Strategy and Governance Water Resource Management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Environmental Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Environmental Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Strategy and Governance
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resource Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Environmental Indicators

Environmental, Social and Governance Indicators		Section
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Water Resource Management Waste Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Water Resource Management Waste Management

Social

Environmental, Social and Governance Indicators		Section
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Benefits and Diversity
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Social Indicators
	B1.2 Employee turnover rate by gender, age group and geographical region.	Key Social Indicators
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Benefits and Diversity
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Social Indicators
	B2.2 Lost days due to work injury	Key Social Indicators
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Benefits and Diversity

Environmental, Social and Governance Indicators		Section
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Benefits and Diversity
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Social Indicators
	B3.2 The average training hours completed per employee by gender and employee category.	Key Social Indicators
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Benefits and Diversity
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Employee Benefits and Diversity
	B4.2 Description of steps taken to eliminate such practices when Discovered.	Employee Benefits and Diversity
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management Climate Strategy and Governance
	B5.1 Number of suppliers by geographical region.	Key Social Indicators
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management Climate Strategy and Governance

Environmental, Social and Governance Indicators		Section
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Data Security and Privacy Protection Responsible Marketing and Compliant Operations Product Quality and Safety Service Quality Green Product and Circular Economy
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Quality and Safety Key Social Indicators
	B6.2 Number of products and service related complaints received and how they are dealt with.	Key Social Indicators
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Business Ethics
	B6.4 Description of quality assurance process and recall procedures.	Product Quality and Safety
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Security and Privacy Protection
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Business Ethics
	B7.3 Description of anti-corruption training provided to directors and staff	Business Ethics

Environmental, Social and Governance Indicators		Section
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Market Layout and New Retail Strategy Community Engagement Stakeholder Engagement
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Engagement

Part D: Climate-related Disclosures

Climate-related Disclosures		Section
(I) Governance		
19(a)	<p>An issuer shall disclose information about:</p> <p>The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies. 	Climate Strategy and Governance (5.1.1)

Climate-related Disclosures	Section
<p>19(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	Climate Strategy and Governance (5.1.1)
<hr/> (II) Strategy <hr/>	
<p>20 An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	Climate Strategy and Governance (5.1.2)
<p>21 An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	Climate Strategy and Governance (5.1.2)

Climate-related Disclosures	Section
<p>22(a) An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40. 	<p>Climate Strategy and Governance (5.1.2)</p>
<p>22(b) Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	<p>Climate Strategy and Governance (5.1.2)</p>
<p>23 An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	<p>Climate Strategy and Governance (5.1.2)</p>
<p>24(a) An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period. 	<p>Climate Strategy and Governance (5.1.2)</p>
<p>24(b) The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	<p>Climate Strategy and Governance (5.1.2)</p>

Climate-related Disclosures	Section
<p>25(a) The issuer shall provide qualitative and quantitative disclosures about: How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy. 	<p>Climate Strategy and Governance (5.1.2) (Qualitative Disclosure) The Group elects to use the Financial Effects Relief for quantitative disclosure.</p>
<p>25(b) How the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	<p>Climate Strategy and Governance (5.1.2)</p>
<p>26(a) An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>The issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term. 	<p>Climate Strategy and Governance (5.1.2)</p>

Climate-related Disclosures	Section
<p>26(b) How and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> (i) information about the inputs used, including: <ul style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis). (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out. 	<p>Climate Strategy and Governance (5.1.2)</p>
<hr/> (III) Risk Management <hr/>	
<p>27(a) An issuer shall disclose information about:</p> <p>The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period. 	<p>Climate Strategy and Governance (5.1.3)</p>

Climate-related Disclosures	Section
27(b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Climate Strategy and Governance (5.1.3)
27(c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Strategy and Governance (5.1.3)
(IV) Metrics and Targets	
28 An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Climate Strategy and Governance (5.1.4)
29 An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Climate Strategy and Governance (5.1.4)

Climate-related Disclosures	Section
30 An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group elects to use the Financial Effects Relief for this provision.
31 An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	The Group elects to use the Financial Effects Relief for this provision.
32 An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	The Group elects to use the Commercial Sensitivity Relief for this provision.
33 An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Strategy and Governance (5.1.4)
34 An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	During the Reporting Period, Xiaomi did not apply internal carbon pricing in decision-making.
35 An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate Strategy and Governance (5.1.4)
36 An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Climate Strategy and Governance (5.1.4)

Climate-related Disclosures	Section
<p>37 An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	<p>Climate Strategy and Governance (5.1.4)</p>
<p>38 An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	<p>Climate Strategy and Governance (5.1.4)</p>
<p>39 An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	<p>Climate Strategy and Governance (5.1.4)</p>

Climate-related Disclosures	Section
<p>40 For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	<p>Climate Strategy and Governance (5.1.4)</p> <p>The Group's greenhouse gas emission reduction targets follow the ISO IWA 42 Net Zero Guidelines and adopt a general approach rather than a sector-specific decarbonization pathway.</p> <p>During the Reporting Period, the Group did not purchase any carbon credits.</p>



ASSURANCE STATEMENT

REPORT ON SUSTAINABILITY ACTIVITIES IN 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF XIAOMI CORPORATION

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC Standards Technical Services Co., Ltd. (hereinafter referred to as SGS-CSTC) was commissioned by Xiaomi Corporation to conduct an independent assurance of the *2025 Environmental, Social and Governance Report* for the period of January 1, 2025 to December 31, 2025.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Xiaomi Corporation's Stakeholders.

RESPONSIBILITIES

The sustainability information in the *2025 Environmental, Social and Governance Report* and its presentation are the responsibility of the Board, the Sustainability Committee and the ESG Working Group of Xiaomi Corporation. SGS-CSTC has not been involved in the preparation of any of the material included in the *2025 Environmental, Social and Governance Report*.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

SGS-CSTC hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP, 2018).

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information in the *2025 Environmental, Social and Governance Report* and evaluation of adherence to the following reporting criteria:

Reporting Criteria
AA1000 AccountAbility Principles (2018)
Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules published by Hong Kong Exchanges and Clearing Limited (HKEX)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees on-site at Xiaomi Campus, No. 33 Xi'erqi Middle Road, Haidian District, Beijing, China, including documentation and record review and validation where relevant.

LIMITATIONS

Data drawn directly from independently audited financial accounts and intensity data calculated based on financial data has not been checked back to source as part of this assurance process.

The greenhouse gas emission related data in the *2025 Environmental, Social and Governance Report* has been directly adopted from the independent third party verification data and has not been double verified in this audit.

The verification conclusions of quantitative data in this report are based on sampling methods. The on-site verification was conducted at headquarter of Xiaomi Corporation in Beijing and did not include traceability of original data from all subordinate institutions.

This assurance engagement was limited to conducting interviews with departmental managers and selected employees of Xiaomi Corporation, in addition to reviewing relevant documents and records.

INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. As an affiliate of SGS Group, SGS-CSTC affirm our independence from Xiaomi Corporation, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we believe that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated. *2025 Environmental, Social and Governance Report* of Xiaomi Corporation has been prepared in accordance with the Four Principles of AA1000.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

2025 Environmental, Social and Governance Report of Xiaomi Corporation has demonstrated that the organization identified its stakeholders, collected their expectations and concerns, established methods for stakeholder communication and engagement, and undertaken various forms of dialogue and interaction with them.

MATERIALITY

2025 Environmental, Social and Governance Report of Xiaomi Corporation has reasonably disclosed significant issues and indicators that materially affect stakeholder evaluations and decisions, reflecting the organization's most significant impacts on economic, environmental, and social matters based on the concerns raised by relevant stakeholders.

RESPONSIVENESS

2025 Environmental, Social and Governance Report of Xiaomi Corporation has demonstrated the established channels for stakeholder interaction and has fully addressed stakeholder concerns and expectations. Additionally, it has provided transparent responses on material issues to an appropriate extent.

IMPACT

2025 Environmental, Social and Governance Report of Xiaomi Corporation has provided an account of the monitoring and measurement of the principal activities' impacts concerning environmental, social, and governance (ESG) issues, as well as the accountability for how its actions affect the broader ecosystems.



QUALITY AND RELIABILITY OF THE SPECIFIED PERFORMANCE INFORMATION

On the basis of the methodology described and the verification work performed, we checked management documents, HR system data, receipts, minutes of meetings, ISO certifications, etc. We have confidence that the specified performance information included in the scope of assurance and certain sections extending to 2026, is reliable at a moderate level of scrutiny for Xiaomi Corporation.

ADHERENCE TO APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF LISTING RULES PUBLISHED BY HKEX

The assurance team concludes that the *2025 Environmental, Social and Governance Report* of Xiaomi Corporation has been prepared in accordance with the requirements of Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules published by HKEX.

RECOMMENDATIONS

All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly communicated with relevant management divisions of Xiaomi Corporation to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Haidian District, Beijing, P.R. China

Apr. 8th, 2026

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INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Xiaomi Corporation
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Xiaomi Corporation (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 268 to 404, comprise:

- the consolidated balance sheet as at December 31, 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

INDEPENDENT AUDITOR'S REPORT

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to fair value determination for unlisted securities classified as "long-term investments measured at fair value through profit or loss".

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The fair value determination for unlisted securities classified as "long-term investments measured at fair value through profit or loss"</p> <p>Refer to Note 3.3, Note 4(a) and Note 19 to the consolidated financial statements.</p> <p>The Group measures ordinary share investments and preferred share investments in unlisted companies other than those accounted for using equity method at fair value through profit or loss (collectively the "Unlisted Securities"). The total amount of Unlisted Securities as of December 31, 2025 was RMB41,858,754,000, accounting for 8% of the Group's total assets.</p>	<p>We understood and evaluated management's key controls over the capturing, measurement and recording of the Unlisted Securities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors of related accounting estimate.</p> <p>We assessed and tested the valuation of Unlisted Securities determined by management on a sample basis using the following procedures:</p> <ol style="list-style-type: none"> (1) We assessed the objectivity, independence and competence of the external valuer engaged by the Group; (2) We checked relevant legal documents such as shareholder agreements, share purchase agreements and articles of association of the investees to assess the implications of the key terms as set out in these documents to the valuation of the respective investments;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Management engaged an external valuer to assist determining the fair value of these Unlisted Securities when necessary. The fair value determination of such Unlisted Securities required management to make judgments and estimates, including the appropriateness of using various unobservable inputs.</p> <p>We focused on this area due to the significance of the balances of these investments and their related fair value gain or loss for the year, as well as management judgments, assumptions and estimations involved in the fair value measurement of the Unlisted Securities which are subject to high degree of estimation uncertainty.</p>	<p>(3) We assessed the appropriateness of the valuation model (mainly being the “market approach” as adopted by management), interviewed management and understood the underlying assumptions and inputs used in fair value determination, and assessed the reasonableness of assumptions and inputs used, including but not limited to comparable companies and multipliers used, expected volatility and discounted for lack of marketability;</p> <p>(4) We tested the accuracy of the fair values calculation of Unlisted Securities.</p> <p>We found the judgments, assumptions and estimations made by management in relation to fair value determination of the Unlisted Securities were supported by the evidence obtained.</p>

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Ming Yan Brian.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, March 24, 2026

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

(Expressed in Renminbi [“RMB”])

	Note	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Revenue	5	457,286,687	365,906,350
Cost of sales	5, 8	(355,480,840)	(289,346,156)
Gross profit		101,805,847	76,560,194
Research and development expenses	8	(33,132,201)	(24,050,484)
Selling and marketing expenses	8	(33,214,338)	(25,389,628)
Administrative expenses	8	(6,653,026)	(5,601,248)
Fair value changes on financial instruments measured at fair value through profit or loss		13,311,733	1,050,772
Share of net profits of investments accounted for using the equity method	11(b)	326,127	276,845
Other income	6	2,736,940	1,666,779
Other gains/(losses), net	7	2,719,838	(10,334)
Operating profit		47,900,920	24,502,896
Finance income	10	5,380,680	3,836,204
Finance costs	10	(3,634,735)	(212,447)
Profit before income tax		49,646,865	28,126,653
Income tax expenses	12	(8,080,426)	(4,548,204)
Profit for the year		41,566,439	23,578,449
Attributable to:			
— Owners of the Company		41,643,389	23,658,126
— Non-controlling interests		(76,950)	(79,677)
		41,566,439	23,578,449
Earnings per share (expressed in RMB per share):	13		
Basic		1.62	0.95
Diluted		1.56	0.93

The notes on pages 278 to 404 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Profit for the year		41,566,439	23,578,449
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income/(loss) of investments accounted for using the equity method	11(b)	6,392	(31,402)
Transfer from other comprehensive (income)/loss to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		(7,263)	2,846
Net gains/(losses) from changes in fair value of financial assets at fair value through other comprehensive income		140,801	(85,302)
Currency translation differences		(1,134,902)	219,838
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences		(1,670,767)	654,256
Other comprehensive (loss)/income for the year, net of tax		(2,665,739)	760,236
Total comprehensive income for the year		38,900,700	24,338,685
Attributable to:			
— Owners of the Company		38,993,674	24,407,696
— Non-controlling interests		(92,974)	(69,011)
		38,900,700	24,338,685

The notes on pages 278 to 404 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As of December 31, 2025

(Expressed in RMB)

	Note	As of December 31,	
		2025	2024
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	27,950,293	18,087,583
Intangible assets	15	8,319,373	8,152,721
Investments accounted for using the equity method	11(b)	6,268,209	6,151,055
Long-term investments measured at fair value through profit or loss	19	80,881,337	62,112,188
Deferred income tax assets	34	3,636,008	2,781,982
Term bank deposits	24(c)	92,045,627	58,520,305
Long-term investments measured at amortized cost	19	13,405,600	3,219,462
Other non-current assets	17	20,778,731	18,421,227
		253,285,178	177,446,523
Current assets			
Inventories	23	80,989,452	62,509,682
Trade and notes receivables	21	15,239,877	14,588,579
Loan receivables	20	12,580,269	12,261,490
Prepayments and other receivables	22	33,725,967	29,100,116
Bills receivables measured at fair value through other comprehensive income		—	1,255,767
Short-term investments measured at fair value through other comprehensive income	19	—	1,681,062
Short-term investments measured at amortized cost	19	200,000	700,163
Short-term investments measured at fair value through profit or loss	19	29,273,546	28,123,777
Term bank deposits	24(c)	51,308,666	36,350,271
Restricted cash	24(b)	4,578,635	5,476,417
Cash and cash equivalents	24(a)	26,914,377	33,661,442
		254,810,789	225,708,766
Total assets		508,095,967	403,155,289
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	426	407
Reserves		266,218,235	188,737,370
		266,218,661	188,737,777
Non-controlling interests		104,608	467,342
Total equity		266,323,269	189,205,119

CONSOLIDATED BALANCE SHEET

As of December 31, 2025

(Expressed in RMB)

	Note	As of December 31,	
		2025	2024
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	33	22,921,433	17,275,721
Deferred income tax liabilities	34	2,400,758	1,282,196
Provisions		3,652,246	1,695,063
Other non-current liabilities	29	20,392,784	18,312,200
		49,367,221	38,565,180
Current liabilities			
Trade payables	30	110,699,472	98,280,585
Other payables and accruals	31	35,351,923	36,372,035
Advance from customers	32	19,272,778	16,581,252
Borrowings	33	13,202,226	13,327,297
Income tax liabilities		6,649,117	3,822,134
Provisions		7,229,961	7,001,687
		192,405,477	175,384,990
Total liabilities		241,772,698	213,950,170
Total equity and liabilities		508,095,967	403,155,289

The notes on pages 278 to 404 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 268 to 404 were approved by the Board of Directors on March 24, 2026 and were signed on its behalf:

Lei Jun

Lin Bin

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Sub-total		
		RMB'000	RMB'000	RMB'000	(Note 26) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025		407	(34,678)	60,117,658	17,113,248	111,541,142	188,737,777	467,342	189,205,119
Comprehensive income									
Profit for the year		—	—	—	—	41,643,389	41,643,389	(76,950)	41,566,439
Other comprehensive loss									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Share of other comprehensive income of investments accounted for using the equity method	11[b]	—	—	—	6,392	—	6,392	—	6,392
Transfer from other comprehensive income to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		—	—	—	(7,263)	—	(7,263)	—	(7,263)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income		—	—	—	140,801	—	140,801	—	140,801
Currency translation differences		—	—	—	(1,118,878)	—	(1,118,878)	(16,024)	(1,134,902)
<i>Item that will not be reclassified subsequently to profit or loss</i>									
Currency translation differences		—	—	—	(1,670,767)	—	(1,670,767)	—	(1,670,767)
Total comprehensive income		—	—	—	(2,649,715)	41,643,389	38,993,674	(92,974)	38,900,700

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Attributable to owners of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other reserves (Note 26) RMB'000	Retained earnings RMB'000			
Transactions with owners in their capacity as owners									
Purchase of own shares	25	—	(6,585,318)	—	—	—	(6,585,318)	—	(6,585,318)
Cancellation of shares	25	—	1,404,300	(1,404,300)	—	—	—	—	—
Issuance of shares upon placement	25	14	—	39,225,977	—	—	39,225,991	—	39,225,991
Release of ordinary shares from Share Scheme Trusts	25	5	487,604	2,953,189	(3,436,157)	—	4,641	—	4,641
Share of other reserves of investments accounted for using the equity method	11(b)	—	—	—	50,731	—	50,731	—	50,731
Employees share-based compensation scheme:									
— value of employee services	28	—	—	—	5,365,075	—	5,365,075	—	5,365,075
— exercise of share options	25, 28	—	—	517,910	(357,556)	—	160,354	—	160,354
Transfer from other reserves to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		—	—	—	(92,204)	—	(92,204)	—	(92,204)
Appropriation to statutory reserves		—	—	—	816,722	(816,722)	—	—	—
Appropriation to general reserves		—	—	—	(3,961)	3,961	—	—	—
Dividends declared by a subsidiary to non-controlling interests		—	—	—	—	—	—	(1,964)	(1,964)
Conversion of convertible bonds		—	—	486,073	(118,479)	—	367,594	—	367,594
Lose control of one subsidiary due to dilution		—	—	—	—	—	—	(267,796)	(267,796)
Others		—	—	—	(9,654)	—	(9,654)	—	(9,654)
Total transactions with owners in their capacity as owners		19	(4,693,414)	41,778,849	2,214,517	(812,761)	38,487,210	(269,760)	38,217,450
Balance at December 31, 2025		426	(4,728,092)	101,896,507	16,678,050	152,371,770	266,218,661	104,608	266,323,269

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Attributable to owners of the Company							Total equity RMB'000
		Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Reserves Other reserves (Note 26) RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
Balance at January 1, 2024		407	(438,291)	60,778,287	15,483,618	88,171,468	163,995,489	266,279	164,261,768
Comprehensive income									
Profit for the year		—	—	—	—	23,658,126	23,658,126	(79,677)	23,578,449
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Share of other comprehensive loss of investments accounted for using the equity method	11(b)	—	—	—	(31,402)	—	(31,402)	—	(31,402)
Transfer from other comprehensive loss to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		—	—	—	2,846	—	2,846	—	2,846
Net losses from changes in fair value of financial assets at fair value through other comprehensive income		—	—	—	(85,302)	—	(85,302)	—	(85,302)
Currency translation differences		—	—	—	209,172	—	209,172	10,666	219,838
<i>Item that will not be reclassified subsequently to profit or loss</i>									
Currency translation differences		—	—	—	654,256	—	654,256	—	654,256
Total comprehensive income		—	—	—	749,570	23,658,126	24,407,696	(69,011)	24,338,685

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Attributable to owners of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other reserves (Note 26) RMB'000	Retained earnings RMB'000			
Transactions with owners in their capacity as owners									
Purchase of own shares	25	—	(3,531,531)	—	—	—	(3,531,531)	—	(3,531,531)
Cancellation of shares	25	(5)	3,702,569	(3,702,564)	—	—	—	—	—
Release of ordinary shares from Share Scheme Trusts	25	5	232,575	2,268,200	(2,493,210)	—	7,570	—	7,570
Share of other reserves of investments accounted for using the equity method	11(b)	—	—	—	13,327	—	13,327	—	13,327
Employees share-based compensation scheme:									
— value of employee services	28	—	—	—	3,761,843	—	3,761,843	—	3,761,843
— exercise of share options and restricted shares units ("RSUs")	25, 28	—	—	710,988	(617,499)	—	93,489	—	93,489
Share consideration for acquisition of Zimi International Incorporation ("Zimi") completed in 2021	25	—	—	62,747	(62,747)	—	—	—	—
Transfer from other reserves to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		—	—	—	(32,740)	—	(32,740)	—	(32,740)
Capital injection from non-controlling interests		—	—	—	—	—	—	400,079	400,079
Capital repurchased from non-controlling interests		—	—	—	22,909	—	22,909	(106,719)	(83,810)
Appropriation to statutory reserves		—	—	—	304,467	(304,467)	—	—	—
Appropriation to general reserves		—	—	—	(16,015)	16,015	—	—	—
Dividends declared by a subsidiary to non-controlling interests		—	—	—	—	—	—	(23,286)	(23,286)
Others		—	—	—	(275)	—	(275)	—	(275)
Total transactions with owners in their capacity as owners		—	403,613	(660,629)	880,060	(288,452)	334,592	270,074	604,666
Balance at December 31, 2024		407	(34,678)	60,117,658	17,113,248	111,541,142	188,737,777	467,342	189,205,119

The notes on pages 278 to 404 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	35(a)	38,813,965	42,762,717
Income tax paid		(4,671,588)	(3,467,218)
Net cash generated from operating activities		34,142,377	39,295,499
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights and intangible assets		(12,769,155)	(7,297,307)
Proceeds from disposal of property, plant and equipment		12,776	358,488
Proceeds from disposal of land use rights		—	1,544,837
Placement of term bank deposits		(119,200,696)	(101,062,679)
Proceeds from maturity/disposal of term bank deposits		71,259,333	77,615,770
Purchase of short-term investments measured at fair value through profit or loss		(58,562,541)	(104,506,976)
Proceeds from maturity of short-term investments measured at fair value through profit or loss		59,828,588	96,641,444
Purchase of short-term investments measured at fair value through other comprehensive income		(3,598,541)	(3,660,615)
Proceeds from maturity of short-term investments measured at fair value through other comprehensive income		3,477,296	2,565,698
Purchase of long-term investments measured at amortized cost		(10,246,805)	(2,875,360)
Purchase of short-term investments measured at amortized cost		(200,000)	(1,700,000)
Proceeds from maturity of short-term investments measured at amortized cost		700,000	1,500,000
Interest income received		3,276,391	3,646,092
Investment income received		301,171	446,830
Purchase of long-term investments measured at fair value through profit or loss		(20,230,812)	(5,509,309)
Proceeds from disposal of long-term investments measured at fair value through profit or loss		13,734,318	6,484,096
Purchase of investments accounted for using the equity method		(363,724)	(115,000)
Proceeds from disposal of investments accounted for using the equity method		545,159	114,245
Settlement of consideration payable for business combination completed in the prior year		—	(3,784)
Lose control of one subsidiary due to dilution		(12,117)	—
Dividends received		370,632	427,139
Net cash used in investing activities		(71,678,727)	(35,386,391)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

(Expressed in RMB)

	Note	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Cash flows from financing activities			
Proceeds from borrowings		30,378,289	25,998,066
Repayment of borrowings		(25,080,950)	(19,265,488)
Finance expenses paid		(774,760)	(717,223)
Contribution from fund investors		2,393,914	1,653,000
Distribution to fund investors		(3,836,543)	(1,766,749)
Net proceeds from exercise of share options		170,934	83,880
Payments for shares repurchase		(6,172,545)	(4,047,876)
Issuance of shares upon placement		39,225,991	—
Payments to holders of employee fund		—	(686,587)
Proceeds from financial assets sold under repurchase agreements		367,840	481,000
Payments for buyback of financial assets sold under repurchase agreements		(501,925)	(372,505)
Capital injection from non-controlling interests		—	400,079
Payment for acquisition of non-controlling interests		—	(75,809)
Dividends paid to non-controlling interests		(1,964)	(23,286)
Payments of lease liabilities		(2,902,504)	(2,476,524)
Payments of deferred consideration for acquisition of intangible assets		(2,499,913)	(3,182,954)
Net cash generated from/(used in) financing activities		30,765,864	(3,998,976)
Net decrease in cash and cash equivalents		(6,770,486)	(89,868)
Cash and cash equivalents at the beginning of the year	24(a)	33,661,442	33,631,313
Effects of exchange rate changes on cash and cash equivalents		23,421	119,997
Cash and cash equivalents at the end of the year	24(a)	26,914,377	33,661,442

The notes on pages 278 to 404 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 General information

Xiaomi Corporation (the “**Company**”), was incorporated in the Cayman Islands on January 5, 2010 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at the offices of Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including controlled structured entities (together, the “**Group**”) are principally engaged in development and sales of smartphones, internet of things (“**IoT**”) and lifestyle products, provision of internet services, development, manufacture and sales of smart electric vehicles (“**EV**”), research and development of Artificial Intelligence (“**AI**”) and other new initiatives and investments holding in the People’s Republic of China (“**the PRC**”) and other countries or regions.

Lei Jun is the ultimate controlling shareholder of the Company as of the date of approval of these consolidated financial statements.

The regulations in the Chinese Mainland restrict foreign ownership of companies that provide internet services, e-commerce and value-added telecommunications services, etc., which include certain activities and services operated by the Group. In order to enable certain foreign companies to make investments into these businesses of the Group, on August 25, 2010, a wholly-owned subsidiary of the Company, Xiaomi Communications Co., Ltd. (“**Xiaomi Communications**”, a wholly foreign-owned enterprise) had entered into a series of contractual arrangements (the “**Contractual Arrangements**”) with Xiaomi Inc. and its equity holders, which enable Xiaomi Communications and the Group to:

- govern the financial and operating policies of Xiaomi Inc.;
- exercise equity holders’ voting rights of Xiaomi Inc.;
- receive substantially all of the economic interest returns generated by Xiaomi Inc. in consideration for the business support, technical and consulting services provided by Xiaomi Communications;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in Xiaomi Inc. from its respective equity holders at a minimum purchase price when it is permitted under laws and regulations in the Chinese Mainland. Xiaomi Communications may exercise such options at any time until it has acquired all equity interests of Xiaomi Inc.; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 General information (continued)

- obtain a pledge over the entire equity interests of Xiaomi Inc. from its respective equity holders as collateral security for all of Xiaomi Inc.'s payments due to Xiaomi Communications and to secure performance of Xiaomi Inc.'s obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group has rights to exercise power over Xiaomi Inc. and its subsidiaries, receives variable returns from its involvement in Xiaomi Inc. and its subsidiaries, has the ability to affect those returns through its power over Xiaomi Inc. and its subsidiaries and is considered to control Xiaomi Inc. and its subsidiaries. Consequently, the Company regards Xiaomi Inc. and its subsidiaries as controlled structured entities and consolidated the assets, liabilities and results of operations of Xiaomi Inc. and its subsidiaries in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Xiaomi Inc. and its subsidiaries. Uncertainties presented by the legal system in the Chinese Mainland could impede the Group's beneficiary rights of the results, assets and liabilities of Xiaomi Inc. and its subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Xiaomi Communications, Xiaomi Inc. and its equity holders are in compliance with the relevant laws and regulations in the Chinese Mainland and are legally binding and enforceable.

Other Contractual Arrangements were also executed for other operating companies in the Chinese Mainland established by the Group similar to Xiaomi Inc. subsequently. All of these operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company. See details in Note 11(a) for the information of these controlled structured entities.

2 Summary of accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities which are carried at fair value disclosed in Note 3.3.

The preparation of consolidated financial statements 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 consolidated financial statements are disclosed in Note 4.

(i) *Amended standards adopted by the Group*

The following amended standard is mandatory for the first time for the Group’s financial year beginning on January 1, 2025 and is applicable for the Group:

- Lack of Exchangeability – Amendments to IAS 21

The amendment listed above did not have any material impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *New and amended standards not yet adopted*

Certain new and amended accounting standards have been published that are not mandatory for the year ended December 31, 2025 and have not been early adopted by the Group, which is listed as below:

	Effective date
<ul style="list-style-type: none"> Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7 	Annual periods beginning on or after January 1, 2026
<ul style="list-style-type: none"> Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7 	Annual periods beginning on or after January 1, 2026
<ul style="list-style-type: none"> Annual Improvement to IFRS Accounting Standards — Volume 11 	Annual periods beginning on or after January 1, 2026
<ul style="list-style-type: none"> IFRS 18 — Presentation and Disclosure in Financial Statements 	Annual periods beginning on or after January 1, 2027
<ul style="list-style-type: none"> IFRS 19 — Subsidiaries without Public Accountability: Disclosures 	Annual periods beginning on or after January 1, 2027

These standards are not expected to have a material impact on the Group's financial position and performance in the current or future reporting periods and on foreseeable future transactions other than the application of IFRS 18 which will have an impact on presentation and disclosure.

IFRS 18 will replace IAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards not yet adopted (continued)

The Group will apply IFRS 18 from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18. The Group will continue to assess the effects of these new and amended standards.

(b) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Subsidiaries controlled through Contractual Arrangements

There are entities controlled by the Group under Contractual Arrangements. The Group does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under Contractual Arrangements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. Accordingly, the Group has rights to exercise power over these structured entities, receives variable returns from its involvement in these structured entities, and has the ability to affect those returns through its power over these structured entities. As a result, they are presented as controlled structured entities of the Group, and their assets, liabilities and results are consolidated in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(b) Subsidiaries (continued)

(i) Consolidation (continued)

(ii) Business combination

The Group applies the acquisition method to account for business combination except for business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, with limited exceptions.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree 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 in the case of a bargain purchase, the difference is recognized directly in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(b) Subsidiaries (continued)

(i) Consolidation (continued)

(ii) Business combination (continued)

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination within all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income ("OCI") are reclassified to profit or loss, or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(c) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

(i) *Investments in associates in the form of ordinary shares*

Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting in accordance with IAS 28 "Investments in Associates and Joint Ventures". Under the equity method, the investment is initially recognized at cost and adjusted thereafter to recognize the investor's share of the profit or loss of the investee and the investor's share of other comprehensive income of the investee. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is treated as goodwill. Notional goodwill is included in the carrying amount of the investment in associates; and bargain purchases gain or negative goodwill is included as part of the investor's share of the associate profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate in the form of ordinary shares is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to consolidated income statement where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and includes the amount in "other gains/(losses), net" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(c) Associates (continued)

(i) Investments in associates in the form of ordinary shares (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognized in the consolidated income statement.

(ii) Investments in associates in the form of ordinary shares with preferential rights or convertible redeemable preferred shares

Investments in associates in the form of ordinary shares with preferential rights or convertible redeemable preferred shares are accounted as financial assets measured at fair value through profit or loss if the Group does not bear the substantially risk and reward of ordinary shares (Note 2.1(g)).

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Structure and leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter
– Factories	40 years
– Production equipment	2–10 years
– Transport equipment	3–6 years
– Electronic equipment	2–10 years
– Office equipment	2–5 years
– Office Buildings	30–40 years

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

Construction in progress mainly represents office buildings and factories and production equipment under construction, which is stated at actual construction cost less accumulated impairment losses. Construction in progress is transferred to appropriate categories of property, plant and equipment upon the completion of their respective construction and depreciated over their respective estimated useful lives.

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 (Note 2.1(f)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains/(losses), net" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(e) Intangible assets

(i) Goodwill

Goodwill arises from the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(ii) License

License mainly includes the licenses to use certain intellectual properties purchased from third parties and other licenses. These acquired licenses are shown at historical cost. Licenses that have an indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses. Others are amortized over their estimated useful lives of 1 to 10 years using straight-line method and carried at cost less accumulated amortization and impairment losses.

(iii) Trademarks, patents and domain name

Separately acquired trademarks, patents and domain name are shown at historical cost. Trademarks, patents and domain name acquired in a business combination are recognized at fair value at the acquisition date. Trademarks, patents and domain name have a finite useful life and are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks, patents and domain name over their estimated useful lives of 1 to 20 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(e) Intangible assets (continued)

(iv) *Other intangible assets*

Other intangible assets mainly include computer software. They are initially recognized and measured at costs incurred to acquire and bring them to use. Other intangible assets are amortized on a straight-line basis over their estimated useful lives, and recorded within operating expenses in the consolidated income statement.

(v) *Research and development expenditures*

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria include:

- it is technically feasible to complete the intangible assets so that it will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible assets;
- it can be demonstrated how the intangible assets will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and
- the expenditure attributable to the intangible assets during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(f) Impairment of non-financial assets

Intangible assets that have an indefinite useful life 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. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be 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 to sell and value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels of CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) 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 Group'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 either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. 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 account for the equity investment at fair value through other comprehensive income.

See Note 18 for details of each type of financial asset.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(g) Financial assets (continued)

(ii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.
- **Fair value through other comprehensive income ("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), net. Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses), net.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(g) Financial assets (continued)

(ii) Measurement (continued)

Debt instruments (continued)

- Fair value through 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 and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated income statement within fair value changes on financial instruments measured at FVPL in the period in which it arises.

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 the consolidated income statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income.

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on other financial assets, mainly including loan receivables, other receivables, term bank deposits, restricted cash, long-term investments measured at amortized cost and short-term investments measured at amortized cost or fair value through other comprehensive income, is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(g) Financial assets (continued)

(iv) *Derecognition*

Financial assets

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows (“pass through” requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability.

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, assembly cost and other direct costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion, applicable variable selling expense and related tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(i) **Loan receivables**

Loan receivables held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the assets and subsequently measured at amortized cost using the effective interest method, less credit loss allowance. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in the profit or loss. The loss allowance is recognized in profit or loss. See Note 2.1(g)(iii) for a description of the Group's impairment policy for loan receivables.

(j) **Current and deferred income tax**

The income tax expense for the period comprises current and deferred tax. Income tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(j) Current and deferred income tax (continued)

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is 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 amounts of taxable and deductible temporary differences. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(j) Current and deferred income tax (continued)

(iii) *Offsetting*

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets against current income tax liabilities and where the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

(k) Share-based payment

(i) *Equity-settled share-based payment transactions*

The Group operates share incentive plan, under which it receives services from employees as consideration for equity instruments (RSUs and options) of the Group. The fair value of the services received in exchange for the grant of the equity instruments (RSUs and options) is recognized as an expense on the consolidated income statement with a corresponding increase in equity.

In terms of the RSUs and options awarded to employees, the total amount to be expensed is determined by reference to the fair value of equity instruments (RSUs and options) granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance conditions are included in calculation of the number of RSUs and options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(k) Share-based payment (continued)

(i) Equity-settled share-based payment transactions (continued)

At the end of each reporting period, the Group revises its estimates of the number of RSUs and options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(ii) Cash-settled share-based payment transactions

The cost of cash-settled transactions is measured at fair value of the liability. The liability is re-measured at each reporting date up to and at the date of settlement, with any changes in fair value recognized in profit or loss for the year.

(l) Revenue recognition

The Group principally derives revenue from sales of products and provision of internet services.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or services performed, stated net of discounts, returns and value-added taxes. The Group recognizes revenue when the specific criteria have been met for each of the Group's activities, as described below.

(i) Sales of products

The Group sells products, mainly including smartphones, IoT and lifestyle products, smart EV which were launched since March 2024, to customer through its own sales channel or through distributors, who usually sell the products to end customers as a principal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(l) **Revenue recognition (continued)**

(i) Sales of products (continued)

Revenue from the sales of products is recognized when control of the goods has been transferred, being when the products are accepted by the customers. Since the acceptance of the products, the customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

In some sales transactions, customers may have right to return the products within a specified period. The Group bases its estimates of sales return on historical results, taking into consideration the type of customers, the type of products and the specifics of each arrangement.

(ii) Internet services

Internet services mainly comprise advertising services and internet value-added services.

(i) Advertising services

Advertising revenues comprise mainly display-based and performance-based advertisements.

Revenue from display-based advertisements to the users of smartphones and other devices is recognized on a straight-line basis over the contracted period in which the advertisements are displayed.

Revenue from performance-based advertisements is recognized based on actual performance measurement. The Group recognizes the revenue when the performance obligation is satisfied: (i) per-click when the users click on the content, (ii) per-impression when the advertising contents are displayed to users, or (iii) per-download when the customers' apps are downloaded by users.

(ii) Internet value-added services

The Group's internet value-added services revenue mainly includes online game and fintech business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(I) Revenue recognition (continued)

(ii) Internet services (continued)

(ii) Internet value-added services (continued)

For online game, revenue recognized on a gross or net basis depending on whether the Group is acting as a principal or an agent. Revenue is recognized over the estimated user relationship periods, given there is an explicit or implicit obligation of the Group to maintain the relevant applications and allow users to have access to them.

Fintech business

The Group's fintech revenues are primarily consist of financial interest income through provision of loan to customers in the supply chain factoring business. Financial interest income is recognized in the consolidated income statement based on carrying amount of loan receivables, the duration and the effective interest rate.

(iii) Principal or agent assessment

Determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal if the Group obtains control through any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then combines with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.1 Summary of material accounting policies (continued)

(l) Revenue recognition (continued)

(iv) Financing component

In the instance that some eligible customers select to pay by installments when buying products from the Group, such arrangement contains a significant financing component if the period between the transfer of the products to the customer and payment by the customer exceeds one year. The transaction price is adjusted to reflect the impact of time value of the transaction price using an applicable discount rate (i.e. the interest rates of the loan reflecting the credit risk of the borrower).

(m) Earnings per share

(i) 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.

(ii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies

(a) Separate financial statements

Investments in subsidiaries (including controlled structured entities) 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 testing 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 in the consolidated financial information of the investee's net assets including goodwill.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information 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"). The functional currency of the Company is United States Dollar ("US\$"). The Company's primary subsidiaries were incorporated in the Chinese Mainland and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the Chinese Mainland, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. Foreign exchange gains and losses are presented in the consolidated income statement 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 fair value through profit or loss 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

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. Currency translation differences arising are recognized in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(c) Foreign currency translation (continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(d) Investment properties

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is recognized so as to write off the cost of investment properties to their residual values over their estimated useful lives of 30 to 40 years by using the straight-line method.

(e) Cash and cash equivalents and restricted cash

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, 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.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(f) Receivables (other than loan receivables)

Trade and notes receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value.

Majority of other receivables are amounts due from outsourcing partners for raw material delivered in the ordinary course of business, in which the outsourcing partners do not obtain control of these raw materials. They are generally due for settlement within one year and therefore all classified as current assets.

The Group holds the trade and notes receivables and other 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 2.1(g)(iii) for a description of the Group's impairment policies for trade and notes receivables and other receivables.

(g) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(g) Borrowings (continued)

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

(h) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(j) Employee benefits

Liabilities arising from short-term obligation for wages and salaries, including non-monetary benefits and accumulating annual 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 they 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 consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(j) Employee benefits (continued)

Liabilities that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. It is presented as current liabilities in the consolidated balance sheet if the entity does not have a right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(i) Pension obligations

The Group's subsidiaries operating in the Chinese Mainland have to make contribution to various defined contribution retirement benefit plans organized and managed by local government authorities in accordance with the relevant rules and regulations. The contributions borne by the Group under the government mandated multi-employer defined contribution scheme are principally determined based on certain percentages of the salaries of employees, subject to certain ceilings. Contributions to these schemes are charged to the consolidated income statement as and when incurred and not reduced by contributions forfeited by those who leave the plans prior to vesting fully in the contributions. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees under these plans and the Group has no legal or constructive obligations to pay further contributions. The Group doesn't operate any defined benefits for its employees in the Chinese Mainland.

The Group also make contributions to kinds of pension plans for its employees in other countries or regions in which the Group operated business. However, as the Group only has few employees located in these countries or regions, the impact to the Group was immaterial.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(iii) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(k) Provisions

Provisions 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 has been 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(i) Warranty provision

For the smartphones and IoT and lifestyle products, the Group records warranty liabilities at the time of sale for the estimated costs that will be incurred under the basic limited warranty provision provided to customers. The specific warranty terms and conditions vary depending upon the product and the country in which it was sold, but generally includes technical support, repair parts and labor associated with warranty repair and service actions. The period ranges from one to ten years.

For the smart EV sold, the Group also provides warranty to customers, which cover all materials and labor to repair defects of the EV. The warranty periods are categorized based on key parts, consumable parts, and the entire vehicle. The Group accrues warranty provision based on the best estimate of projected costs to repair or replace items under warranties. These estimates are made primarily based on actual claims incurred to date and the estimates of the nature, frequency and costs of future claims.

The Group reevaluates its estimates on an annual basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(l) Interest income

Interest income on financial assets at amortized cost and debt instruments carried at fair value through other comprehensive income calculated using the effective interest method is presented in the consolidated income statement as part of finance income or presented as revenue, depending on whether it is generated from the ordinary business of the Group.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income earned from loan receivables that generated from the factoring business (Note 2.1(l)(ii)(ii)) is presented as revenue.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(m) Government grants

Grants from government are recognized at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the consolidated income statement over the period necessary to match them with the expense that they are intended to compensate.

Government grants relating to the property, plant and equipment, and other non-current assets are included in the liabilities and are credited to consolidated income statement on a straight-line basis over the expected lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(n) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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 payment that are based on an index or a rate, initially measured using the index or rate as of 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; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(n) Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 Summary of accounting policies (continued)

2.2 Summary of other accounting policies (continued)

(n) Leases (continued)

Short-term leases are leases with a lease term of 12 months or less without a purchase option. Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(o) Share capital

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

(p) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(q) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The transactions of the Company are denominated and settled majority in its functional currency, US\$. The Group's subsidiaries operate in the Chinese Mainland have transactions that with recognized assets and liabilities denominated in US\$ and expose the Group to foreign exchange risk when receiving or to receive foreign currencies from or paying or to pay foreign currencies to overseas business partners.

For the group entities whose functional currency is RMB, if RMB had strengthened/weakened by 5% against US\$ with all other variables held constant, the profit before income tax for the year ended December 31, 2025 would have been approximately RMB54,197,000 higher/lower (2024: RMB35,096,000 lower/higher), as a result of net foreign exchange gains (2024: net foreign exchange losses) on translation of net monetary liabilities (2024: net monetary assets) denominated in US\$.

The Group's oversea subsidiaries also have transactions with their business partners (sometimes the business partners were also the group entities) that denominated in RMB, which are different with their respective functional currencies. This also exposes the Group to foreign exchange risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

For the group entities whose functional currency is US\$, if RMB had strengthened/weakened by 5% against US\$ with all other variables held constant, the profit before income tax for the year ended December 31, 2025 would have been approximately RMB4,085,000 lower/higher (2024: RMB370,124,000 higher/lower), as a result of net foreign exchange losses (2024: net foreign exchange gains) on translation of net monetary liabilities (2024: net monetary assets) denominated in RMB.

(ii) Interest rate risk

The Group's interest rate risk primarily arose from borrowings with floating and fixed rates, long-term investments measured at amortized cost, term bank deposits, short-term investments measured at fair value through other comprehensive income, short-term investments measured at amortized cost, loan receivables, and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group's floating rates assets or liabilities are mainly cash and cash equivalents and bank borrowings.

If the interest rate of cash and cash equivalents had been 25 basis points higher/lower, the profit before income tax for the year ended December 31, 2025 would have been RMB67,286,000 (2024: RMB84,154,000) higher/lower.

If the interest rate of borrowings with floating rate had been 50 basis points higher/lower, the profit before income tax for the year ended December 31, 2025 would have been approximately RMB38,249,000 (2024: RMB23,488,000) lower/higher. This analysis does not include the effect of interest capitalized.

The fair value interest rate risk arises from financial assets and liabilities carried at fixed rates is not significant for the Group.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) **Market risk (continued)**

(iii) Price risk

The Group is exposed to price risk primarily in respect of its investments in ordinary shares and preferred shares that classified in the consolidated balance sheet as at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) **Credit risk**

The Group is exposed to credit risk in relation to its long-term investments measured at amortized cost, term bank deposits, loan receivables, trade and notes receivables, other receivables, short-term investments measured at amortized cost, short-term investments measured at fair value through other comprehensive income, bills receivables measured at fair value through other comprehensive income (which were bank acceptance notes), cash and cash equivalents, and restricted cash. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash and cash equivalents, term bank deposits, restricted cash and bills receivables measured at fair value through other comprehensive income, the Group only transacts with state-owned or reputable financial institutions in the Chinese Mainland and reputable international financial institutions outside of the Chinese Mainland. There has been no recent history of default in relation to those financial institutions.

For short-term investments measured at fair value through other comprehensive income, long-term investments measured at amortized cost and short-term investments measured at amortized cost, mainly including debt securities whose contractual cash flows are solely principal and interest, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experiences. In view of the sound rating of debtors, management believes that the credit risk inherent in those investments is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Trade and notes receivables and bills receivables measured at FVOCI

To manage risk arising from trade and notes 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 its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group's expected loss rates are mainly determined based on the corresponding historical credit loss rates which are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the expected changes in macroeconomic factors, such as Consumer Price Index ("CPI"), Gross Domestic Product ("GDP") and Retail Sales of Consumer Goods, etc., and accordingly adjusts the historical loss rates based on expected changes in all factors identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Trade and notes receivables and bills receivables measured at FVOCI (continued)

The loss allowance provisions for trade receivables as of December 31, 2025 and 2024 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	Over 6 months past due	Total
December 31, 2025:					
Expected loss rate	0.58%	1.06%	18.82%	37.20%	
Gross carrying amount (RMB'000)	12,331,953	1,897,301	263,527	432,225	14,925,006
Loss provision (RMB'000)	71,981	20,083	49,594	160,773	302,431
December 31, 2024:					
Expected loss rate	0.68%	2.60%	31.25%	38.81%	
Gross carrying amount (RMB'000)	9,992,819	1,528,001	197,994	943,246	12,662,060
Loss provision (RMB'000)	67,674	39,736	61,865	366,048	535,323

As of December 31, 2025 and 2024, the credit loss allowance for notes receivables and bills receivables measured at FVOCI is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Other Receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivable balances due from them is not significant.

Loan Receivables

To manage risk arising from loan receivables, the Group performs standardized credit management procedures:

- The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.
- For subsequent monitoring, the Group has implemented credit examination on each borrower every three months. For unqualified borrowers, credit facilities granted previously could be terminated immediately.
- In post-loan supervision, the Group has established risk monitoring alert system through periodical monitoring, system alert, and corresponding solutions to identify impaired loans.

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. The Group considers the impact from such modification is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loan Receivables (continued)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

Expected credit loss model for loan receivables, as summarized below:

- The loan receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.
- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortized cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The impairment of loan receivables was provided based on the 'three-stages' model by referring to the changes in credit quality since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loan Receivables (continued)

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(1) *Significant increase in credit risk (SICR)*

The Group considers loan receivables to have experienced a significant increase in credit risk when backstop criteria has been met. A backstop is applied and the loan receivables considered to have experienced a significant increase in credit risk if the borrower is more than 1 day past due on its contractual payments.

(2) *Definition of default and credit-impaired assets*

The Group defines a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan receivables held by the Group.

(3) *Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarized. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

(4) *Forward-looking information incorporated in the ECL models*

The calculation of ECL incorporate forward-looking information. The Group has performed historical analysis and identified the business climate index as the key economic variables impacting credit risk and expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loan Receivables (continued)

(4) Forward-looking information incorporated in the ECL models (continued)

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

(5) Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modeled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The credit loss allowance recognized in the year is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to loan receivables experiencing significant increases (or decreases) of credit risk in the year, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized, as well as releases for loan receivables derecognized in the year;
- Loan receivables derecognized and write-offs of allowances related to assets that were written off during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loan Receivables (continued)

The following tables explain the gross carrying amount and credit loss allowance of loan receivables:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As of December 31, 2025				
Gross carrying amount	12,628,387	—	—	12,628,387
Loss allowance	(48,118)	—	—	(48,118)
	12,580,269	—	—	12,580,269
As of December 31, 2024				
Gross carrying amount	12,323,506	10,394	4,848	12,338,748
Loss allowance	(65,562)	(6,848)	(4,848)	(77,258)
	12,257,944	3,546	—	12,261,490

Note:

During the years ended December 31, 2025 and 2024, majority of new loans receivables were originated from the factoring loan business; and the transfer between stages were immaterial during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loan Receivables (continued)

The following tables explain the movement of the credit loss allowance for loan receivables for the years ended December 31, 2025 and 2024:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Loss allowance as of				
January 1, 2025	65,562	6,848	4,848	77,258
Transfer between stages	(1,345)	703	642	—
(Reversal)/provision of expected credit losses	(9,409)	(527)	3,980	(5,956)
Write-offs	—	—	(4,906)	(4,906)
Derecognition in connection with the losing control of a subsidiary	(6,010)	(6,724)	(4,493)	(17,227)
Currency translation differences	(680)	(300)	(71)	(1,051)
Loss allowance as of				
December 31, 2025	48,118	—	—	48,118
Loss allowance as of				
January 1, 2024	62,755	4,075	805,725	872,555
Transfer between stages	(1,882)	1,187	695	—
Provision of expected credit losses	4,383	1,556	12,659	18,598
Write-offs	—	—	(814,439)	(814,439)
Currency translation differences	306	30	208	544
Loss allowance as of				
December 31, 2024	65,562	6,848	4,848	77,258

Write-off policy

The Group writes off loan receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write off loan receivables that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims 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 cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements. There are loan covenants terms for certain borrowings. As of December 31, 2025 and 2024, there is no breach of such loan covenants.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining year at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year and 2 years RMB'000	Between 2 years and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group					
At December 31, 2025					
Borrowings	13,820,816	6,905,304	7,418,010	13,526,904	41,671,034
Trade payables	110,699,472	—	—	—	110,699,472
Other payables	15,064,769	—	—	—	15,064,769
Lease liabilities	2,234,779	1,207,692	2,076,392	914,220	6,433,083
Payables for purchase of intangible assets	1,356,850	1,242,340	321,216	—	2,920,406
Liabilities to investors	1,133,473	6,181,741	531,753	6,059,722	13,906,689
At December 31, 2024					
Borrowings	13,995,172	553,647	4,036,079	18,351,515	36,936,413
Trade payables	98,280,585	—	—	—	98,280,585
Other payables	20,385,746	—	—	—	20,385,746
Lease liabilities	2,722,181	1,660,925	1,126,426	975,922	6,485,454
Payables for purchase of intangible assets	2,481,254	1,223,345	279,615	—	3,984,214
Liabilities to investors	916,457	—	8,281,420	3,247,812	12,445,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)**3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and share premium) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group has strong cash positions, continuously generating operating profits with a low level of indebtedness.

3.3 Fair value estimation

The table below analyzes the Group's main financial instruments carried at fair value as of each balance sheet date, by level of the inputs to valuation techniques used to measure fair value.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2025:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Long-term investments measured at fair value through profit or loss (Note 19)	7,166,829	—	73,714,508	80,881,337
Short-term investments measured at fair value through profit or loss (Note 19)	—	—	29,273,546	29,273,546
	7,166,829	—	102,988,054	110,154,883
Liabilities				
Liabilities to investors	—	—	6,059,722	6,059,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)**3.3 Fair value estimation (continued)**

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Long-term investments measured at fair value through profit or loss (Note 19)	6,613,312	—	55,498,876	62,112,188
Short-term investments measured at fair value through profit or loss (Note 19)	—	—	28,123,777	28,123,777
Short-term investments measured at fair value through other comprehensive income (Note 19)	1,681,062	—	—	1,681,062
Bills receivables measured at fair value through other comprehensive income	—	—	1,255,767	1,255,767
	8,294,374	—	84,878,420	93,172,794
Liabilities				
Liabilities to investors	—	—	3,757,399	3,757,399

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Level 3 instruments of the Group's assets mainly include long-term investments measured at fair value through profit or loss and short-term investments measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

The following table presents the changes in level 3 instruments measured at fair value through profit or loss for the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	83,622,653	74,401,030
Additions	78,419,663	109,906,848
Disposals	(70,262,187)	(102,595,075)
Changes in fair value	11,301,752	1,023,375
Transfer from investments accounted for using the equity method	1,874,849	1,315,051
Transfer to level 1 financial instruments	(1,329,593)	(813,011)
Currency translation differences	(639,083)	384,435
At the end of the year	102,988,054	83,622,653
Net unrealized gains for the year	9,287,031	1,803,382

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included long-term investments measured at fair value through profit or loss in unlisted companies and certain listed companies for which sale is restricted for a specified period (Note 19), and short-term investments measured at fair value through profit or loss (Note 19). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows or market approach, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair values		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As of December 31,			As of December 31,		
	2025	2024		2025	2024	
	RMB'000	RMB'000				
Long-term investments measured at fair value through profit or loss (Note 19)	47,976,553	41,326,558	Expected volatility	17%–93%	33%–96%	The higher the expected volatility, the lower the fair value
— Ordinary shares investments and preferred shares investments			Discount for lack of marketability (“DLOM”)	2%–40%	3%–30%	The higher the DLOM, the lower the fair value
— Treasury investments and other investments	25,737,955	14,172,318	Risk-free rate Note(a)	1.4%–6.1%	1.1%–6.7%	
Short-term investments measured at fair value through profit or loss (Note 19)	29,273,546	28,123,777	Expected rate of return	1.33%–3.37%	0.65%–5.85%	The higher the expected rate of return, the higher the fair value

Note:

- (a) The fair value of these investments (treasury investments and other investments) was determined based on the net asset value of the investments, whose underlying assets and liabilities were measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

If the fair values of the ordinary shares and preferred shares held by the Group, which was included in long-term investments measured at fair value through profit or loss had been 5% higher/lower, the profit before income tax for the year ended December 31, 2025 would have been approximately RMB2,757,169,000 (2024: RMB2,396,994,000) higher/lower.

There were no material transfers between level 1, 2 and 3 of fair value hierarchy classifications during the year ended December 31, 2025, except that certain financial assets were transferred out of level 3 of fair value hierarchy to level 1 classifications due to the conversion to ordinary shares as the result of the initial public offering or lifting of sale restriction of the investee companies.

The carrying amounts of the Group's financial assets that are not measured at fair value, mainly including cash and cash equivalents, restricted cash, term bank deposits, short-term investments measured at amortized cost, long-term investments measured at amortized cost, trade and notes receivables, loan receivables and other receivables, and the Group's financial liabilities that are not measured at fair value, mainly including borrowings, trade payables and other payables, approximate their fair values due to short maturities or the interest rates are close to the market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of the value of unlisted securities

The Group measures ordinary share investments and preferred share investments in unlisted companies other than those accounted for using the equity method at fair value through profit or loss (collectively the "Unlisted Securities"), amounting to RMB41,858,754,000 as of December 31, 2025. The fair value measurement of the Unlisted Securities require management to make judgments and estimates, including the appropriateness of using various unobservable inputs.

Fair value of these Unlisted Securities, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3.

(b) Impairment of receivables

The Group follows the guidance of IFRS 9 to determine the expected credit loss of a receivable. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health, collection history of debtors and expected future change of credit risks, including the consideration of factors such as general economy measures, changes in macroeconomic indicators etc. Further details are included in Note 3.1 to the consolidated financial statements.

(c) Taxation

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be probable due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 Critical accounting estimates and judgments (continued)

(c) Taxation (continued)

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future or the reversal of temporarily taxable difference.

The Group is also subject to other taxation in different jurisdictions. Significant judgment is required in determining the worldwide provision of other taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain.

(d) Inventory provision

Inventories are stated at the lower of cost and net realizable value. Management makes provision for inventories based on historical experience and estimation of future market condition and sales. The actual net realizable value maybe higher or lower than previously estimated. This requires significant judgment and estimation.

(e) Recoverability of non-financial assets and investments accounted for using the equity method

The Group tests annually or more frequently if events or changes in circumstances indicate a potential impairment whether goodwill has suffered any impairment. Other non-financial assets, mainly including property, plant and equipment, intangible assets, investment properties, right-of-use assets as well as investments accounted for using the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of non-financial assets is the greater of its fair value less costs of disposal and value in use. In determining fair values, various applicable valuation techniques (e.g. discounted cash flows or market approach) are used, with significant unobservable inputs including expected volatility, discount for lack of marketability and risk-free rates, etc. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgment relating to level of revenue, operating costs and discount rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 Critical accounting estimates and judgments (continued)

(e) Recoverability of non-financial assets and investments accounted for using the equity method (continued)

Judgment is required regarding key assumptions applied in the adopted valuation models, including projected cash flows, discount rates and volatility, etc. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(f) Warranty provision

Warranty provision is based on the estimated cost of product warranties when revenue is recognized. Factors that affect the Group's warranty liability include the number of products sold under warranty, historical and anticipated rates of warranty claims on those products, and estimated cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

5 Segment information and revenue

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company. The Group determined that it has the following reportable segments, which is consistent with the way the Group was reviewed by the CODM:

- Smartphone × AIoT
 - Smartphones
 - IoT and lifestyle products
 - Internet services
 - Other related businesses
- Smart EV, AI and other new initiatives

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

5 Segment information and revenue (continued)

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The research and development expenses, selling and marketing expenses and administrative expenses are not included in the measure of the segments' performance that reviewed by CODM as a basis for the purpose of resource allocation and assessment of segment performance. Fair value changes on financial instruments measured at fair value through profit or loss, share of net profits of investments accounted for using the equity method, other income, other gains/(losses), net, finance income, finance costs and income tax expenses are not allocated to individual operating segments as they were centrally monitored by the Group.

The revenues for each segment are described as below:

(a) Smartphone × AIoT:

- Revenues from smartphones are derived from the sale of smartphones.
- Revenues from the IoT and lifestyle products primarily comprise revenues from sales of smart large home appliances, smart TVs, tablets, wearables and other IoT and lifestyle products.
- Revenues from internet services are derived from advertising services and internet value-added services (including online game and fintech business).
- Other related businesses revenues primarily comprise revenue from the hardware repairment services for products, installation services for certain IoT products and sale of materials.

(b) Smart EV, AI and other new initiatives: Revenues from this segment are mainly derived from the sale of smart EV and other related businesses, revenues from other new initiatives are immaterial to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

5 Segment information and revenue (continued)

The cost of sales from each segment mainly comprises:

(a) Smartphone × AIoT:

- The Group's cost of sales for smartphones and IoT and lifestyle products primarily consist of (i) procurement cost of raw materials and components, (ii) assembly cost charged by the Group's outsourcing partners, (iii) royalty fees for certain technologies embedded in the products, (iv) costs, in the forms of production costs and profit-sharing, paid to the Group's partners for procuring ecosystem products, (v) warranty expenses, and (vi) provision for impairment of inventories.
- The Group's cost of sales for internet services primarily consists of (i) content fees to game developers, (ii) bandwidth, server custody and cloud service related costs, and (iii) fintech costs.
- The Group's cost of sales for other related businesses in Smartphone × AIoT segment primarily consists of hardware consumed, installation costs and costs of the sold materials.

(b) Smart EV, AI and other new initiatives: The Group's cost of sales for smart EV, AI and other new initiatives segment primarily consist of (i) procurement cost of direct parts and raw materials, (ii) labor costs, (iii) manufacturing costs (including depreciation of assets associated with the production), (iv) provision of warranty, (v) write-down of the inventory to its estimated net realizable value, and (vi) costs related to other related businesses.

Other information related to the measurement of profit or loss, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the consolidated financial statements.

Other than the inventory information by segment, there were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segment.

There were no material inter-segment sales during the years ended December 31, 2025 and 2024. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated income statement.

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5 Segment information and revenue (continued)

The segment results and revenue information for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025						
	Smartphone × AIoT				Subtotal	Smart EV, AI and other new initiatives	Total
	Smartphones	IoT and lifestyle products	Internet services	Other related businesses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenues	186,439,777	123,200,191	37,440,346	4,136,860	351,217,174	106,069,513	457,286,687
Cost of sales	(166,173,621)	(94,776,809)	(8,800,069)	(5,424,289)	(275,174,788)	(80,306,052)	(355,480,840)
Gross profit/(loss)	20,266,156	28,423,382	28,640,277	(1,287,429)	76,042,386	25,763,461	101,805,847

	Year ended December 31, 2024						
	Smartphone × AIoT				Subtotal	Smart EV, AI and other new initiatives	Total
	Smartphones	IoT and lifestyle products	Internet services	Other related businesses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenues	191,759,315	104,103,874	34,115,373	3,174,148	333,152,710	32,753,640	365,906,350
Cost of sales	(167,505,466)	(83,011,803)	(7,968,553)	(4,157,041)	(262,642,863)	(26,703,293)	(289,346,156)
Gross profit/(loss)	24,253,849	21,092,071	26,146,820	(982,893)	70,509,847	6,050,347	76,560,194

The reconciliation of gross profit to profit before income tax is the same as that shown in the consolidated income statement, thus no reconciliation provided here.

For the revenue generated from contract with customers under IFRS 15, majority of revenue were recognized at point of time; and revenue from sources other than contract with customers under IFRS 15 were immaterial to the Group.

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5 Segment information and revenue (continued)

For the years ended December 31, 2025 and 2024, the geographical information on the total revenues is as follows:

	Year ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
Chinese Mainland	306,223,141	67.0	212,562,449	58.1
Rest of the world (Note (a))	151,063,546	33.0	153,343,901	41.9
	457,286,687		365,906,350	

Note:

(a) Revenues outside the Chinese Mainland are mainly from Europe and India.

All the revenues derived from single external customer were less than 10% of the Group's total revenues for the year ended December 31, 2025 (2024: Customer A 10.5%).

The following table shows inventory information by reportable segment as of December 31, 2025 and 2024.

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Smartphone × AIoT	74,758,465	60,905,907
Smart EV, AI and other new initiatives	6,230,987	1,603,775
	80,989,452	62,509,682

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6 Other income

Other income mainly includes subsidy income, dividend income and refunds of value-added tax and other tax.

During the years ended December 31, 2025 and 2024, majority of the subsidy income recognized in other income was relating to expenses. The Group credits the other income from deferred income when it is reasonably assured that the Group has met these attached conditions and the related expenses have been incurred.

7 Other gains/(losses), net

Other gains/(losses), net mainly include gains on disposal and deemed disposal of investments accounted for using the equity method, impairment on investments accounted for using the equity method and foreign exchanges gains/(losses), net for the years ended December 31, 2025 and 2024.

8 Expenses by nature

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Changes in inventories of finished goods and work in progress	(8,469,003)	(15,586,996)
Raw materials and consumables used and royalty fees	330,265,207	282,601,213
Provision for impairment of inventories (Note 23)	6,848,003	5,762,582
Employee benefit expenses (Note 9)	30,470,678	22,902,540
Depreciation of property, plant and equipment, right-of-use assets and investment properties (Note 14, 16, 17)	5,256,031	3,626,279
Amortization of intangible assets (Note 15)	3,500,716	2,691,990
Promotion and advertising expenses	9,085,225	8,011,251
Warranty expenses	5,774,924	4,447,006
Auditor's remuneration	61,974	69,569
— Audit services	50,644	54,674
— Non-audit services	11,330	14,895

During the year ended December 31, 2025, the Group incurred research and development expenses of approximately RMB33,132,201,000 (2024: RMB24,050,484,000), which mainly comprised of employee benefits expenses of RMB18,562,730,000 (2024: RMB14,578,653,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Employee benefit expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	19,300,796	14,963,862
Share-based compensation expenses (Note 28)	5,365,075	3,726,085
Contributions to pension plans	2,170,020	1,650,417
Other social security costs, housing benefits and other employee benefits	3,634,787	2,562,176
	30,470,678	22,902,540

(i) Pensions — defined contribution plans

During the year ended December 31, 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year (2024: Nil).

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any director of the Company for the years ended December 31, 2025 and 2024. All of these individuals have not received any emolument from the Group as an inducement to join the Group or compensation for loss of office during the years ended December 31, 2025 and 2024. The emoluments payable to the five highest paid individuals during the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	12,303	10,851
Share-based compensation expenses	455,032	388,885
Contributions to pension plans	387	313
Discretionary bonuses	7,085	13,600
Other social security costs, housing benefits and other employee benefits	478	488
	475,285	414,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Employee benefit expenses (continued)

(ii) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	Year ended December 31,	
	2025	2024
Hong Kong dollar ("HK\$")23,500,001 to HK\$24,000,000	1	—
HK\$28,000,001 to HK\$28,500,000	1	—
HK\$28,500,001 to HK\$29,000,000	—	1
HK\$32,500,001 to HK\$33,000,000	1	—
HK\$33,500,001 to HK\$34,000,000	—	1
HK\$37,500,001 to HK\$38,000,000	—	2
HK\$47,500,001 to HK\$48,000,000	1	—
HK\$316,500,001 to HK\$317,000,000	—	1
HK\$386,000,001 to HK\$386,500,000	1	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Employee benefit expenses (continued)

(iii) Benefits and interests of directors

The remuneration of every director is set out below:

During the year ended December 31, 2025:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors						
LEI, Jun	—	—	—	—	—	—
LIN, Bin	—	—	—	—	—	—
LIU, De	—	—	—	—	—	—
Non-executive Director						
LIU, Qin	—	—	—	—	—	—
Independent non-executive Directors						
CHEN, Dongsheng	550	—	—	—	—	550
WONG, Shun Tak (a)	877	—	—	—	—	877
CAI, Jingjing	550	—	—	—	—	550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Employee benefit expenses (continued)

(iii) Benefits and interests of directors (continued)

During the year ended December 31, 2024:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors						
LEI, Jun	—	—	—	—	—	—
LIN, Bin	—	—	—	—	—	—
LIU, De	—	—	—	—	—	—
Non-executive Director						
LIU, Qin	—	—	—	—	—	—
Independent non-executive Directors						
CHEN, Dongsheng	547	—	—	—	—	547
WONG, Shun Tak (a)	1,003	—	—	—	—	1,003
TONG Wai Cheung Timothy	22	—	—	—	—	22
CAI, Jinqing	547	—	—	—	—	547

Note:

- (a) HK\$356,000 was paid to Mr. Wong Shun Tak from January 1 to September 16, 2025 (During the year ended December 31, 2024: HK\$500,000) in connection with his service as director or other service in respect of management of the affairs of the Company's subsidiary undertakings. The Group lost control over this subsidiary on September 16, 2025. Post-loss-of-control remuneration in respect of Mr. Wong Shun Tak is excluded from the Group's consolidated financial statements in relation to director emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Employee benefit expenses (continued)

(iv) Directors' termination benefits

No director's termination benefit subsisted as of December 31, 2025 and 2024 or at any time during all the years presented.

(v) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available directors' services subsisted as of December 31, 2025 and 2024 or at any time during all the years presented.

(vi) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted as of December 31, 2025 and 2024 or at any time during all the years presented.

(vii) Directors' material interests in transactions, arrangements or contracts

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 of the Company had a material interest, whether directly or indirectly, subsisted as of December 31, 2025 and 2024 or at any time during all the years presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

10 Finance income and costs

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	5,380,680	3,836,204

Interest income mainly represents interest income from bank deposits, including bank balances and term bank deposits.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Finance costs:		
Losses/(gains) arising from liabilities payable to fund investors (Note 29)	2,368,981	(1,119,698)
Interest expenses from borrowings (Note 33), lease liabilities (Note 16) and deferred consideration of intangible assets (Note 29, 31)	1,265,754	1,332,145
	3,634,735	212,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11(a) Major subsidiaries and controlled structured entities

As of December 31, 2025 and 2024, the Company had the following major subsidiaries (including controlled structured entities):

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Effective interest held			
				As of December 31, 2025	2024	As of the date of this report	Principal activities
Subsidiaries							
Directly held:							
Xiaomi H.K. Limited	Hong Kong, limited liability company	April 7, 2010	HK\$10,000	100%	100%	100%	Wholesale and retail of smartphones and ecosystem partners' products
Fast Pace Limited	British Virgin Islands, limited liability company	January 8, 2013	US\$2	100%	100%	100%	Investment holding and investment activities
Xiaomi Finance Inc. ("Xiaomi Finance")	Cayman Islands, limited liability company	February 15, 2018	US\$1	100%	100%	100%	Investment holding and investment activities
Xiaomi Technologies Singapore Pte. Ltd.	Singapore, limited liability company	August 3, 2021	US\$500,000	100%	100%	100%	Provision of internet services
Xiaomi Best Time International Limited	Hong Kong, limited liability company	December 20, 2018	US\$30,000,000	100%	100%	100%	Intra-group capital supervision, collection, remittance, credit guarantee and interest rate risk management
Indirectly held:							
Xiaomi Communications Co., Ltd.	Chinese Mainland, limited liability company	August 25, 2010	US\$320,000,000	100%	100%	100%	Sales of smartphones, sales of ecosystem partners' products and provision of customer services
Beijing Xiaomi Electronics Co., Ltd.	Chinese Mainland, limited liability company	January 9, 2012	US\$27,000,000	100%	100%	100%	Sales of smart hardware

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11(a) Major subsidiaries and controlled structured entities (continued)

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Effective interest held			
				As of December 31, 2025	2024	As of the date of this report	Principal activities
Subsidiaries							
Indirectly held (continued):							
Beijing Xiaomi Mobile Software Co., Ltd. ("Xiaomi Mobile")	Chinese Mainland, limited liability company	May 8, 2012	RMB1,488,000,000	100%	100%	100%	Software and hardware development and provision of software related services
Xiaomi Technology India Private Limited ("Xiaomi India")	India, limited liability company	October 7, 2014	Indian Rupees ("INR")207,450	100%	100%	100%	Sales of smartphones and ecosystem partners' products
Guangzhou Xiaomi Information Service Co., Ltd.	Chinese Mainland, limited liability company	December 29, 2016	RMB1,000,000	100%	100%	100%	Provision of advertising and promotion services
Xiaomi Home Commercial Co., Ltd.	Chinese Mainland, limited liability company	June 27, 2017	RMB100,000,000	100%	100%	100%	Operation of retail stores
Xiaomi Jingming Technology Co., Ltd.	Chinese Mainland, limited liability company	July 18, 2023	RMB100,000,000	100%	100%	100%	Smart electric vehicle business
PT. Xiaomi Technology Indonesia	Indonesia, limited liability company	April 23, 2018	Indonesian Rupiah ("IDR") 13,000,000,000	100%	100%	100%	Sales and production of smartphones, sales of television
Shenzhen Xiaomi Information Technology Co., Ltd.	Chinese Mainland, limited liability company	September 29, 2019	RMB650,000,000	100%	100%	100%	Sales of smart hardware and provision of advertising and promotion services
Xiaomi Technology Netherlands B.V.	Netherlands, limited liability company	October 29, 2018	Euro ("EUR") 1,000,000	100%	100%	100%	Sales of smart hardware

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11(a) Major subsidiaries and controlled structured entities (continued)

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Effective interest held			
				As of December 31, 2025	2024	As of the date of this report	Principal activities
Subsidiaries							
Indirectly held (continued):							
Xiaomi Smart Appliances (Wuhan) Co., Ltd.	Chinese Mainland, limited liability company	October 30, 2023	RMB20,000,000	100%	100%	100%	Sales of smart hardware
Controlled structured entities (Note (a)):							
Xiaomi Inc.	Chinese Mainland, limited liability company	March 3, 2010	RMB1,850,000,000	100%	100%	100%	E-commerce business
Tianjin Jinxing Venture Investment Co., Ltd.	Chinese Mainland, limited liability company	December 26, 2013	RMB2,476,557,552	100%	100%	100%	Investment activities
Beijing Wali Internet Technologies Co., Ltd.	Chinese Mainland, limited liability company	June 1, 2009	RMB2,100,000	100%	100%	100%	Provision of internet services
Hubei Xiaomi Yangtze River Industry Investment Fund Partners (Limited Partnership)	Chinese Mainland, limited partnership	December 7, 2017	RMB3,066,154,300	63%	29%	63%	Investment activities
Xiaomi EV Technology Co., Ltd.	Chinese Mainland, limited liability company	November 18, 2021	RMB1,000,000,000	100%	100%	100%	Smart electric vehicle business, technical services

Notes:

- (a) The Company does not have directly or indirectly legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. Accordingly, the Group has rights to exercise power over these structured entities, receives variable returns from its involvement in these structured entities, and has the ability to affect those returns through its power over these structured entities. As a result, they are presented as structured entities of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11(a) Major subsidiaries and controlled structured entities (continued)

Notes (continued):

- (b) The Company considered that the non-wholly owned subsidiaries with non-controlling interests are not significant to the Group, therefore, no summarized financial information of these non-wholly owned subsidiaries is presented separately.
- (c) As of December 31, 2025, cash and cash equivalents, term bank deposits and restricted cash of the Group, amounting to RMB112,661,878,000 were held in the Chinese Mainland and they are subject to local exchange control and other financial and treasury regulations. The local exchange control, and other financial and treasury regulations provide for restrictions, on payment of dividends, share repurchase and offshore investments, other than through normal activities.
- (d) The English names of the subsidiaries incorporated in the Chinese Mainland are direct translation or transliteration of their Chinese registered names.

11(b) Investments accounted for using the equity method

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Investments in associate accounted for using the equity method		
— Listed entities (Note (a))	998,990	1,078,253
— Unlisted entities	5,269,219	5,072,802
	6,268,209	6,151,055

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	6,151,055	6,922,241
Additions	661,767	80,000
Disposals and transfers	(987,329)	(819,796)
Dilution gains on deemed disposal	511,437	—
Share of net profits	326,127	276,845
Share of other comprehensive income/(loss)	6,392	(31,402)
Share of changes of other reserves	50,731	13,327
Dividends from associates	(156,726)	(128,492)
Impairment provision	(295,245)	(161,668)
At the end of the year	6,268,209	6,151,055

Note:

- (a) As of December 31, 2025, the fair value of the investments in associates which were listed entities was RMB2,832,422,000 (2024: RMB4,241,316,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11(b) Investments accounted for using the equity method (continued)

Management has assessed the level of influence that the Group exercises on certain associates and determined that it has significant influence through the board representation and other relevant facts and circumstances, even though the respective shareholding of some investments is below 20%. Accordingly, these investments have been classified as associates.

As of December 31, 2025, there were no individually material associates that are accounted for using the equity method.

There are no contingent liabilities relating to the Group's interests in the associates.

12 Income tax expenses

The income tax expenses of the Group during the years ended December 31, 2025 and 2024 are analyzed as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Current income tax	7,815,890	5,381,527
Deferred income tax (Note 34)	264,536	(833,323)
Income tax expenses	8,080,426	4,548,204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 Income tax expenses (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in the Chinese Mainland, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit before income tax	49,646,865	28,126,653
Tax calculated at statutory income tax rate of 25%	12,411,716	7,031,663
Tax effects of:		
– Effect of different tax rates in other jurisdictions (Note (a), (b), (c), (g))	(1,170,965)	(1,040,668)
– Preferential income tax rates applicable to subsidiaries (Note (d))	(2,144,889)	(2,395,583)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	3,224,575	3,271,449
– Expenses not deductible for income tax purposes	580,728	433,856
– Utilization of previously unrecognized deductible tax losses and temporary differences	(1,769,434)	(450,887)
– Recognition of previously unrecognized tax losses and temporary differences	(141,210)	(8,936)
– Super Deduction for research and development expenses (Note (e))	(2,845,957)	(2,263,077)
– Income not subject to tax	(821,795)	(512,314)
– Reversal of deferred income tax assets	—	250,356
– Others	757,657	232,345
Income tax expenses	8,080,426	4,548,204

Notes:

(a) Cayman Islands and British Virgin Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. As such, the operating results reported by the Company, including the share-based payments (Note 28), are not subject to any income tax in Cayman Islands.

The Group entities established under the International Business Companies Acts of British Virgin Islands ("BVI") are exempt from BVI income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 Income tax expenses (continued)

Notes (continued):

(b) Hong Kong income tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

(c) India income tax

The income tax provision for India entities was calculated at a rate of 25.17% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

(d) Preferential EIT rate

Certain subsidiaries in the Chinese Mainland are entitled to preferential tax rates ranging from 10% to 15%. Main subsidiaries with preferential EIT rates are as follows:

Xiaomi Mobile was qualified as a "Key Software Enterprise" in the third quarter of 2018 and renewed this qualification annually, hence it enjoyed a preferential income tax rate of 10% from 2017 to 2024. The directors of the Company consider Xiaomi Mobile can still be qualified upon annual renewal in the first half of 2026 and hence continues to enjoy the preferential income tax rate of 10% for the year ended December 31, 2025.

Xiaomi EV Technology Co., Ltd. was qualified as a "High and New Technology Enterprise" in October 2025, hence it enjoys a preferential income tax rate of 15% from 2025 to 2027.

(e) Super Deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The State Taxation Administration of The People's Republic of China ("**STA**") announced in March 2023 that enterprises engaging in research and development activities were entitled to claim 200% of their research and development expenses as Super Deduction from January 1, 2023. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 Income tax expenses (continued)

Notes (continued):

(f) Withholding tax in the Chinese Mainland (“WHT”)

According to the New Corporate Income Tax Law (“New EIT Law”), distribution of profits earned by companies in the Chinese Mainland since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan in the foreseeable future to require its subsidiaries in the Chinese Mainland to distribute their retained earnings and intends to retain them to operate and expand its business in the Chinese Mainland. Accordingly, no deferred income tax liability related to WHT on undistributed earnings of these subsidiaries was accrued as of the end of each reporting period.

(g) Organization for Economic Co-operation and Development (“OECD”) Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules and Pillar Two legislation was enacted or to be enacted in several of tax jurisdictions in which the group entities are incorporated or operated. The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion (“GloBE”) effective tax rate in each jurisdiction and the 15% minimum rate.

Considering the impact of specific adjustments in the Pillar Two legislation, the Group recognized current income tax expenses in the consolidated income statement for the year ended December 31, 2025.

13 Earnings per share

(a) Basic

Basic earnings per share for the years ended December 31, 2025 and 2024 are calculated by dividing the profit attributable to the Company’s owners by the weighted average number of ordinary shares that are outstanding during the year.

	Year ended December 31,	
	2025	2024
Net profit attributable to the owners of the Company (RMB’000)	41,643,389	23,658,126
Weighted average number of outstanding ordinary shares (thousand shares)	25,656,635	24,825,170
Basic earnings per share (expressed in RMB per share)	1.62	0.95

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 Earnings per share (continued)**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of outstanding ordinary shares to assume conversion of all dilutive potential ordinary shares. In addition, profit attributable to the owners of the Company (numerator) has been adjusted by all the dilutive effects.

	Year ended December 31,	
	2025	2024
Net profit attributable to the owners of the Company (RMB'000)	41,643,389	23,658,126
Add: Interest expenses on convertible bonds (RMB'000)	244,744	—
Less: Dilution effect arising from share-based awards granted by a subsidiary (RMB'000)	(158,300)	—
Net profit attributable to the owners of the Company for calculation of diluted earnings per share (RMB'000)	41,729,833	23,658,126
Weighted average number of outstanding ordinary shares (thousand shares)	25,656,635	24,825,170
Adjustments for dilutive RSUs and share options (thousand shares)	864,182	675,563
Adjustments for dilutive convertible bonds (thousand shares)	174,509	—
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	26,695,326	25,500,733
Diluted earnings per share (expressed in RMB per share)	1.56	0.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 Property, plant and equipment

	Factories and production equipment RMB'000	Transport equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Office Buildings RMB'000	Structure and leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At January 1, 2025								
Cost	5,852,772	182,765	3,768,071	45,558	6,219,992	3,146,877	4,121,183	23,337,218
Accumulated depreciation	(536,159)	(40,832)	(2,081,494)	(30,644)	(507,795)	(2,052,711)	—	(5,249,635)
Net book amount	5,316,613	141,933	1,686,577	14,914	5,712,197	1,094,166	4,121,183	18,087,583
Year ended December 31, 2025								
Opening net book amount	5,316,613	141,933	1,686,577	14,914	5,712,197	1,094,166	4,121,183	18,087,583
Additions	884,721	329,701	1,968,797	14,343	1,833	2,207,246	7,789,777	13,196,418
Transfers	4,595,695	—	22,469	—	120,045	—	(4,738,209)	—
Transfer to investment properties	—	—	—	—	(10,406)	—	(234,536)	(244,942)
Disposals	(59,990)	(77,129)	(151,043)	(601)	—	(94,768)	(26,311)	(409,842)
Depreciation charge (Note 8)	(714,651)	(65,274)	(807,665)	(4,873)	(217,451)	(870,346)	—	(2,680,260)
Currency translation differences	—	—	329	109	—	898	—	1,336
Closing net book amount	10,022,388	329,231	2,719,464	23,892	5,606,218	2,337,196	6,911,904	27,950,293
At December 31, 2025								
Cost	11,233,016	389,269	5,524,693	56,722	6,326,261	5,244,226	6,911,904	35,686,091
Accumulated depreciation	(1,210,628)	(60,038)	(2,805,229)	(32,830)	(720,043)	(2,907,030)	—	(7,735,798)
Net book amount	10,022,388	329,231	2,719,464	23,892	5,606,218	2,337,196	6,911,904	27,950,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 Property, plant and equipment (continued)

	Factories and production equipment RMB'000	Transport equipment RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Office Buildings RMB'000	Structure and leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At January 1, 2024								
Cost	3,387,693	69,295	2,663,208	43,016	5,014,389	2,093,698	4,226,971	17,498,270
Accumulated depreciation	(113,253)	(30,358)	(1,587,334)	(26,832)	(441,416)	(1,578,252)	—	(3,777,445)
Net book amount	3,274,440	38,937	1,075,874	16,184	4,572,973	515,446	4,226,971	13,720,825
Year ended December 31, 2024								
Opening net book amount	3,274,440	38,937	1,075,874	16,184	4,572,973	515,446	4,226,971	13,720,825
Additions	813,828	167,025	1,151,250	3,251	2,110	1,239,913	3,078,188	6,455,565
Transfers	1,785,484	—	25,267	—	1,234,119	—	(3,044,870)	—
Transfer to investment properties	—	—	—	—	(16,847)	—	—	(16,847)
Disposals	(106,051)	(21,265)	(58,091)	(90)	(3,005)	(102,579)	(139,106)	(430,187)
Depreciation charge (Note 8)	(451,088)	(42,764)	(507,970)	(4,253)	(77,153)	(557,360)	—	(1,640,588)
Currency translation differences	—	—	247	(178)	—	(1,254)	—	(1,185)
Closing net book amount	5,316,613	141,933	1,686,577	14,914	5,712,197	1,094,166	4,121,183	18,087,583
At December 31, 2024								
Cost	5,852,772	182,765	3,768,071	45,558	6,219,992	3,146,877	4,121,183	23,337,218
Accumulated depreciation	(536,159)	(40,832)	(2,081,494)	(30,644)	(507,795)	(2,052,711)	—	(5,249,635)
Net book amount	5,316,613	141,933	1,686,577	14,914	5,712,197	1,094,166	4,121,183	18,087,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 Property, plant and equipment (continued)

Construction in progress as of December 31, 2025 and 2024 mainly comprises new factories and production equipment, office buildings being constructed in the Chinese Mainland.

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of sales	652,935	331,088
Research and development expenses	985,751	623,238
Selling and marketing expenses	890,651	418,148
Administrative expenses	150,923	268,114
	2,680,260	1,640,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

15 Intangible assets

	Goodwill (Note (a)) RMB'000	License RMB'000	Trademarks, patents and domain name RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025					
Cost	1,696,639	12,984,878	2,250,911	1,655,558	18,587,986
Accumulated amortization	—	(7,999,715)	(1,497,409)	(938,141)	(10,435,265)
Net book amount	1,696,639	4,985,163	753,502	717,417	8,152,721
Year ended December 31, 2025					
Opening net book amount	1,696,639	4,985,163	753,502	717,417	8,152,721
Additions	—	3,215,904	4,839	487,003	3,707,746
Disposals	—	—	(2,080)	(36,639)	(38,719)
Amortization charge (Note 8)	—	(2,910,151)	(223,134)	(367,431)	(3,500,716)
Currency translation differences	—	84	(1,065)	(678)	(1,659)
Closing net book amount	1,696,639	5,291,000	532,062	799,672	8,319,373
At December 31, 2025					
Cost	1,696,639	16,200,926	2,245,417	2,007,276	22,150,258
Accumulated amortization	—	(10,909,926)	(1,713,355)	(1,207,604)	(13,830,885)
Net book amount	1,696,639	5,291,000	532,062	799,672	8,319,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

15 Intangible assets (continued)

	Goodwill (Note (a)) RMB'000	License RMB'000	Trademarks, patents and domain name RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024					
Cost	1,696,639	11,159,486	2,246,985	1,263,547	16,366,657
Accumulated amortization	—	(5,843,665)	(1,263,898)	(630,355)	(7,737,918)
Net book amount	1,696,639	5,315,821	983,087	633,192	8,628,739
Year ended December 31, 2024					
Opening net book amount	1,696,639	5,315,821	983,087	633,192	8,628,739
Additions	—	1,825,427	—	406,477	2,231,904
Disposals	—	(5)	—	(18,413)	(18,418)
Amortization charge (Note 8)	—	(2,156,080)	(230,593)	(305,317)	(2,691,990)
Currency translation differences	—	—	1,008	1,478	2,486
Closing net book amount	1,696,639	4,985,163	753,502	717,417	8,152,721
At December 31, 2024					
Cost	1,696,639	12,984,878	2,250,911	1,655,558	18,587,986
Accumulated amortization	—	(7,999,715)	(1,497,409)	(938,141)	(10,435,265)
Net book amount	1,696,639	4,985,163	753,502	717,417	8,152,721

Note:

(a) Impairment test for goodwill

For the purpose of impairment tests of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2025 and 2024 according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on VIU calculations by using the discounted cash flow method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

15 Intangible assets (continued)

Note (continued):

(a) Impairment test for goodwill (continued)

(i) Impairment test for goodwill of Zimi

On July 5, 2021, the Group completed the acquisition of Zimi which mainly engages in the design, manufacture and sales of mobile charges and related products, and recognized goodwill amounting to RMB1,382,143,000.

The VIU was determined using discounted cash flows calculation which derived from the five-year financial projections plus a terminal value related to cash flows beyond the projection period (five-year period) extrapolated using estimated perpetual growth rate. For the impairment test as of December 31, 2025, the key assumptions used by management for VIU calculation include:

- (1) the annual growth rate of revenue for a five-year period ranging from -1%–2% (2024: 2%–12%) for the business, the gross profit ranges from 22%–24% (2024: 21%–22%), which was determined by the management based on past performance and its expectation for market development;
- (2) pre-tax discount rate of 23% (2024: 23%) was estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies etc. and the specific risk of the business;
- (3) the estimated perpetual growth rate used in the VIU calculation for period beyond the projected period was 2.0% (2024: 2.0%), after making reference to long term inflation rate of the PRC.

As of December 31, 2025, the recoverable amount calculated based on VIU exceeded carrying value by RMB443,844,000 (2024: RMB1,144,496,000). Had annual revenue for a five-year period been 5% lower or the pre-tax discount rate been 1% higher, the headroom would be decreased to RMB318,963,000 or RMB295,868,000 (2024: RMB985,726,000 or RMB990,985,000) respectively.

Reasonably possible changes in other key assumptions used in the impairment test of goodwill will not lead to the goodwill impairment loss as of December 31, 2025 and 2024.

(ii) Impairment test for goodwill of others

The other goodwill is mainly generated from the acquisitions of Duokan International Group Inc. amounting to RMB141,360,000 and Wali International amounting to RMB106,807,000 before 2015. Management forecasted the average annual revenue growth rate in five-year period is 5%, and the cash flows beyond the five-year period were extrapolated using the estimated annual growth rates of 2.0% (2024: 2.0%). Pre-tax discount rate of 23% was used to reflect market assessment of time value and the specific risks relating to the CGUs.

The management performed impairment test for the goodwill and determined such goodwill was not impaired. Reasonably possible changes in key assumptions will not lead to the goodwill impairment loss as of December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

15 Intangible assets (continued)

Amortization charges were expensed off in the following categories in the consolidated income statement:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of sales	2,795,169	2,081,820
Research and development expenses	475,540	395,725
Selling and marketing expenses	6,067	7,680
Administrative expenses	223,940	206,765
	3,500,716	2,691,990

The Group tests annually whether goodwill and other intangible assets with an indefinite useful life have suffered any impairment. During the years ended December 31, 2025 and 2024, no goodwill or other identifiable intangible assets have been impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 Leases

(i) The consolidated balance sheet includes the following amounts relating to leases:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets (Note (a))		
Land use rights	8,329,446	7,818,616
Properties	4,104,374	3,238,992
Servers and other equipment	872,857	2,358,316
	13,306,677	13,415,924
Lease liabilities (Note (b))		
Current	(2,079,368)	(2,238,842)
Non-current	(3,634,869)	(3,169,514)
	(5,714,237)	(5,408,356)

Notes:

- (a) Right-of-use assets are included in the line item 'Other non-current assets' in the consolidated balance sheet. The addition of right-of-use assets for the year ended December 31, 2025 is RMB3,189,548,000 (2024: RMB7,553,707,000).
- (b) Current lease liabilities and non-current lease liabilities are included in the line item 'Other payables and accruals' and 'Other non-current liabilities' in the consolidated balance sheet, respectively.

(ii) The consolidated income statement includes the following amounts relating to leases:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note (a))	2,351,531	1,928,872
Interest expenses (included in finance costs)	201,032	165,770
Expense relating to short-term leases not included in lease liabilities (included in cost of sales and research and development expenses)	300,144	—
Expense relating to variable lease payments not included in lease liabilities (included in selling and marketing expenses)	495,439	305,103
	3,348,146	2,399,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 Leases (continued)

Besides land use rights, the Group leases offices, warehouses, retail stores and servers.

The total cash outflow in financing activities for leases during the year ended December 31, 2025 was RMB2,902,504,000 (2024: RMB2,476,524,000), including principal elements of lease payments of approximately RMB2,701,472,000 (2024: RMB2,310,754,000) and related interest paid of approximately RMB201,032,000 (2024: RMB165,770,000), respectively.

Note:

- (a) The depreciation charge in the consolidated income statement relating to land use rights, properties, servers and other equipment for the year ended December 31, 2025 are RMB139,169,000 (2024: RMB77,106,000), RMB1,052,904,000 (2024: RMB772,124,000) and RMB1,159,458,000 (2024: RMB1,079,642,000), respectively.

17 Other non-current assets

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets (Note 16)	13,306,677	13,415,924
Investment properties (Note (a))	3,533,091	2,254,160
Long-term deposits to suppliers	992,815	1,014,972
Prepayments for property, plant and equipment	443,048	903,370
Receivables from installment payment	1,940,335	—
Others	562,765	832,801
	20,778,731	18,421,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 Other non-current assets (continued)

Note:

(a) Investment properties

	Self-owned buildings and facilities RMB'000	Land use rights RMB'000	Leased in properties (ii) RMB'000	Total RMB'000
COST				
At January 1, 2025	1,384,676	1,222,707	—	2,607,383
Transfer from property, plant and equipment	250,145	—	—	250,145
Transfer from right-of-use assets	—	20,662	—	20,662
Properties leased in	—	—	1,237,567	1,237,567
At December 31, 2025	1,634,821	1,243,369	1,237,567	4,115,757
ACCUMULATED DEPRECIATION				
At January 1, 2025	(129,452)	(223,771)	—	(353,223)
Charge for the year (Note 8)	(39,096)	(26,693)	(158,451)	(224,240)
Transfer from property, plant and equipment	(5,203)	—	—	(5,203)
At December 31, 2025	(173,751)	(250,464)	(158,451)	(582,666)
NET BOOK VALUE				
At December 31, 2025	1,461,070	992,905	1,079,116	3,533,091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 Other non-current assets (continued)

Note (continued):

(a) Investment properties (continued)

	Self-owned buildings and facilities RMB'000	Land use rights RMB'000	Leased in properties (ii) RMB'000	Total RMB'000
COST				
At January 1, 2024	1,362,237	1,214,806	—	2,577,043
Transfer from property, plant and equipment	22,439	—	—	22,439
Transfer from right-of-use assets	—	7,901	—	7,901
At December 31, 2024	1,384,676	1,222,707	—	2,607,383
ACCUMULATED DEPRECIATION				
At January 1, 2024	(91,367)	(198,128)	—	(289,495)
Charge for the year (Note 8)	(32,493)	(24,326)	—	(56,819)
Transfer from property, plant and equipment	(5,592)	—	—	(5,592)
Transfer from right-of-use assets	—	(1,317)	—	(1,317)
At December 31, 2024	(129,452)	(223,771)	—	(353,223)
NET BOOK VALUE				
At December 31, 2024	1,255,224	998,936	—	2,254,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 Other non-current assets (continued)

Note (continued):

(a) Investment properties (continued)

- (i) Details of the Group's main self-owned investment properties and information about the fair value hierarchy as of December 31, 2025 and 2024 are as follows:

	As of December 31,			
	2025		2024	
	Carrying amount RMB'000	Fair value (level 3) RMB'000	Carrying amount RMB'000	Fair value (level 3) RMB'000
Main self-owned investment properties	2,056,349	2,188,900	2,193,574	2,444,300

The Group's main self-owned investment properties located in Haidian and Yizhuang, Beijing and Haizhu, Guangzhou were valued at December 31, 2025 by Asia-Pacific Consulting and Appraisal Limited, which is an independent qualified valuer. The valuation was determined on the basis of capitalization of the net rental income with due provisions for reversionary income potential of the respective properties as of December 31, 2025. The key inputs were term yield and reversionary yield which ranged from 3% to 7% (2024: from 3% to 7%).

- (ii) The Group also held some properties that the Group held under leased in some properties and subleased out under operating leases. As of December 31, 2025, the carrying amount of these leased in properties is RMB1,237,567,000 which approximates their fair value.
- (iii) Property rental income earned during the year ended December 31, 2025 was approximately RMB228,509,000 (2024: RMB99,751,000). The investment property units have committed tenants for the next 1 years to 10 years (2024: 1 years to 9 years). As of December 31, 2025, as a lessor, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	As of December 31,	
	2025 RMB'000	2024 RMB'000
No later than 1 year	344,663	104,827
Later than 1 year and no later than 10 years	1,379,246	180,286
	1,723,909	285,113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 Financial instruments by category

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Assets as per balance sheet		
Financial assets measured at fair value:		
— Long-term investments measured at fair value through profit or loss (Note 19)	80,881,337	62,112,188
— Short-term investments measured at fair value through profit or loss (Note 19)	29,273,546	28,123,777
— Short-term investments measured at fair value through other comprehensive income (Note 19)	—	1,681,062
— Bills receivables measured at fair value through other comprehensive income	—	1,255,767
Financial assets measured at amortized costs:		
— Trade and notes receivables (Note 21)	15,239,877	14,588,579
— Loan receivables (Note 20)	12,580,269	12,261,490
— Other receivables	14,366,476	14,226,479
— Long-term investments measured at amortized cost (Note 19)	13,405,600	3,219,462
— Short-term investments measured at amortized cost (Note 19)	200,000	700,163
— Term bank deposits (Note 24(c))	143,354,293	94,870,576
— Restricted cash	4,578,635	5,476,417
— Cash and cash equivalents (Note 24(a))	26,914,377	33,661,442
	340,794,410	272,177,402
Liabilities as per balance sheet		
Financial liabilities measured at fair value:		
— Liabilities to investors	6,059,722	3,757,399
Financial liabilities measured at amortized cost:		
— Trade payables (Note 30)	110,699,472	98,280,585
— Other payables	17,868,411	20,018,732
— Borrowings (Note 33)	36,123,659	30,603,018
— Liabilities to investors	7,846,967	8,688,290
— Lease liabilities (Note 16)	5,714,237	5,408,356
	184,312,468	166,756,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 Investments

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Current assets		
Short-term investments measured at		
– Amortized cost (i)	200,000	700,163
– Fair value through other comprehensive income	—	1,681,062
– Fair value through profit or loss (ii)	29,273,546	28,123,777
	29,473,546	30,505,002
Non-current assets		
Long-term investments measured at amortized cost (iii)	13,405,600	3,219,462
Long-term investments measured at fair value through profit or loss		
– Ordinary shares investments (iv)	19,944,672	14,401,979
– Preferred shares investments (v)	35,198,710	33,537,891
– Treasury investments (vi)	21,562,313	10,339,549
– Other investments (vii)	4,175,642	3,832,769
	94,286,937	65,331,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 Investments (continued)

Movement of long-term investments measured at fair value through profit or loss is as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	62,112,188	60,199,798
Additions and transfers	20,002,270	7,379,556
Disposals	(13,619,909)	(6,417,997)
Change in fair value	13,159,807	517,577
Currency translation differences	(773,019)	433,254
At the end of the year	80,881,337	62,112,188

(i) Short-term investments measured at amortized cost

The Group placed short-term deposits amounting to RMB200,000,000 in its associate Chongqing Xiaomi Consumer Finance Co., Ltd., with an interest rate of 2.20% per annum. The deposits are held for collection of contractual cash flows qualifying for solely payments of principal and interest and thus classified and measured as short-term investments measured at amortized cost.

(ii) Short-term investments measured at fair value through profit or loss

The short-term investments measured at fair value through profit or loss are wealth management products, denominated in RMB and US\$, with expected rates of return ranging from 1.33% to 3.37% per annum for the year ended December 31, 2025 (2024: 0.65% to 5.85%). None of these investments are past due.

(iii) Long-term investments measured at amortized cost

Long-term investments measured at amortized cost are mainly debt securities, denominated in US\$, where the contractual cash flows are solely principal and interest. Debt securities that are only held for collection of contractual cash flows are measured at amortized cost. None of these investments are past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 Investments (continued)**(iv) Ordinary shares investments**

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Listed	13,284,628	12,188,839
Unlisted	6,660,044	2,213,140
	19,944,672	14,401,979

The fair values of the listed securities are determined based on the closing prices quoted in active markets (level 1: quoted price (unadjusted) in active markets). For certain listed securities which are restricted for sale in a specified period, their fair values are determined based on quoted market prices and unobservable inputs (i.e. discount rate for lack of marketability) and hence classified as level 3 of the fair value hierarchy.

The fair values of unlisted securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. Refer to Note 3.3 for the major assumptions used in the valuation for investment in private companies.

(v) Preferred shares investments — unlisted

The preferred shares investments in these investees are convertible redeemable preferred shares or ordinary shares with preferential rights. The Group has the right to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events, thus the Group doesn't bear substantially the risk and reward of ordinary shares, these investments are measured as financial assets at fair value through profit or loss. Refer to Note 3.3 for the major assumptions used in the valuation for investment in private companies.

(vi) Treasury investments

Treasury investments mainly represent investments in the debt instruments issued by certain reputable banks or non-bank financial institutions or entities purchased in the secondary market. As these investments were classified as debt investments and returns are not solely payments of principal and interest, they are measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 Investments (continued)**(vii) Other investments**

Other investments primarily consist of investments in private equity investment funds. As the returns are not solely payments of principal and interest, they are measured at fair value through profit or loss.

(viii) Amounts recognized in profit or loss of financial investments measured at fair value through profit or loss

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	6,315,573	(181,552)
— Preferred shares investments	6,032,324	445,134
— Treasury and other investments	892,149	167,546
Short-term investments measured at fair value through profit or loss	581,614	495,734
	13,821,660	926,862

20 Loan receivables

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Unsecured loan	12,628,387	12,338,748
Less: credit loss allowance	(48,118)	(77,258)
	12,580,269	12,261,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

20 Loan receivables (continued)

Loan receivables are loans mainly derived from subsidiaries of the Group which engage in the factoring business. Loan receivables are denominated in RMB and US\$.

Details of the credit risk assessment of loan receivables are disclosed in Note 3.1.

21 Trade and notes receivables

Details of trade and notes receivables are as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables	14,925,006	12,662,060
Notes receivables	624,032	2,468,572
	15,549,038	15,130,632
Less: credit loss allowance	(309,161)	(542,053)
	15,239,877	14,588,579

The carrying amounts of the Group's trade and notes receivables are denominated in the following currencies:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
RMB	7,764,894	8,328,768
US\$	3,872,792	3,034,645
EUR	958,507	698,286
INR	551,891	897,100
Others	2,091,793	1,629,780
	15,239,877	14,588,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 Trade and notes receivables (continued)

Movements on the Group's credit loss allowance of trade and notes receivables are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	(542,053)	(316,958)
Credit loss allowance recognized	(79,310)	(245,625)
Receivables written off as uncollectable	312,202	20,530
At the end of the year	(309,161)	(542,053)

The Group generally allows a credit period within 180 days to its customers. Aging analysis of trade and notes receivables based on invoice date is as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	11,963,353	12,652,651
3 to 6 months	1,806,243	851,454
6 months to 1 year	1,117,839	526,725
1 to 2 years	427,200	224,018
Over 2 years	234,403	875,784
	15,549,038	15,130,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

22 Prepayments and other receivables

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Receivables from subcontractors for outsourcing of raw materials	10,291,390	9,883,334
Recoverable value-added tax and other taxes	11,724,707	9,852,853
Prepayments to suppliers	4,012,838	3,599,583
Deposits to suppliers	760,982	863,613
Receivables from market development fund	440,281	665,967
Prepaid expenses	3,829,677	1,629,608
Receivables related to share options and RSUs	466,986	605,693
Others	2,406,837	2,207,872
	33,933,698	29,308,523
Less: credit loss allowance	(207,731)	(208,407)
	33,725,967	29,100,116

As of December 31, 2025 and 2024, the carrying amounts of other receivables were primarily denominated in RMB and US\$ and approximated their fair value at each of the reporting dates. Other receivables were considered to be of low credit risk, and thus the impairment provision recognized during the years ended December 31, 2025 and 2024 was limited to 12 months expected losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 Inventories

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Raw materials	23,974,417	14,321,504
Finished goods	50,094,764	40,837,606
Work in progress	4,658,465	5,446,620
Spare parts	3,999,973	3,800,223
Others	1,264,219	579,858
	83,991,838	64,985,811
Less: provision for impairment	(3,002,386)	(2,476,129)
	80,989,452	62,509,682

Provision for impairment movements for the years ended December 31, 2025 and 2024 are as below:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	(2,476,129)	(2,176,396)
Provision for impairment	(6,848,003)	(5,762,582)
Transfer to cost of sales	6,321,746	5,462,849
At the end of the year	(3,002,386)	(2,476,129)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

24 Cash and bank balances

(a) Cash and cash equivalents

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Cash at bank and in hand	20,962,824	29,150,161
Term bank deposits with initial terms within three months	5,951,553	4,511,281
	26,914,377	33,661,442

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
RMB	13,663,079	20,033,787
US\$	7,358,020	10,121,484
HK\$	2,613,844	442,828
EUR	1,159,190	1,311,583
INR	236,495	75,701
Others	1,883,749	1,676,059
	26,914,377	33,661,442

(b) Restricted cash

As of December 31, 2025, among the restricted cash, INR48,550,132,000 (2024: INR47,042,193,000), which was equivalent to RMB3,784,968,000 (2024: RMB4,016,462,000), was restricted by India authorities due to the in-progress investigation described in Note 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

24 Cash and bank balances (continued)**(c) Term bank deposits**

An analysis of the Group's term deposits as of December 31, 2025 and 2024 are listed as below:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Term bank deposits included in current assets:		
US\$	34,439,410	21,629,189
RMB	15,618,840	14,720,937
EUR	1,250,363	—
INR	53	145
	51,308,666	36,350,271
Term bank deposits included in non-current assets:		
RMB	81,239,731	54,313,459
US\$	10,805,775	4,206,800
INR	121	46
	92,045,627	58,520,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

25 Share capital and treasury shares

(a) Share capital

Authorized:

As of December 31, 2025 and 2024, the total authorized number of ordinary shares is 270,000,000,000 shares with par value of US\$0.0000025 per share.

Issued:

As of December 31, 2025, the number of issued share capital of Class A and Class B Share is 4,511,553,144 and 21,535,682,134, respectively. Each Class A ordinary share will entitle the holder to exercise 10 votes, and each Class B ordinary share will entitle the holder to exercise one vote, on any resolution tabled at the Company's general meetings, except for resolution with respect to a limited number of reserved matters, in relation to which each ordinary share is entitled to one vote.

	Note	Number of ordinary shares '000	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
As of January 1, 2025		25,099,152	62	407	60,117,658
Exercise of share options		43,260	—	—	517,910
Shares repurchased and cancelled		(34,125)	—	—	(1,404,300)
Issuance of ordinary shares to Share Scheme Trusts	(a)	126,836	—	—	—
Release of ordinary shares from Share Scheme Trusts	(a)	—	—	5	2,953,189
Issuance of shares upon placement	(b)	800,000	2	14	39,225,977
Conversion of convertible bonds (Note 33 (c))		12,112	—	—	486,073
As of December 31, 2025		26,047,235	64	426	101,896,507
As of January 1, 2024		25,073,427	62	407	60,778,287
Exercise of share options and RSUs		54,485	—	—	710,988
Shares repurchased and cancelled		(272,648)	—	(5)	(3,702,564)
Issuance of ordinary shares to Share Scheme Trusts	(a)	238,583	—	—	—
Release of ordinary shares from Share Scheme Trusts	(a)	—	—	5	2,268,200
Share issued for acquisition of Zimi completed in 2021		5,305	—	—	62,747
As of December 31, 2024		25,099,152	62	407	60,117,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

25 Share capital and treasury shares (continued)

(a) Share capital (continued)

Issued (continued):

Notes:

- (a) The Company issued ordinary shares with respect to the share options and RSUs under the employees share-based compensation scheme to be exercised by certain grantees of the Company to trusts, which were established to hold the shares for and on behalf of the grantees (collectively, "Share Scheme Trusts").
- (b) On March 31, 2025, the Company allotted and issued 800,000,000 Class B ordinary shares to independent third parties, at the price of HK\$53.25 for each placing share, and raised gross proceeds of HK\$42,600,000,000.

(b) Treasury shares

	Number of shares '000	Amounts RMB'000
As of January 1, 2025	4,213	34,678
Shares repurchased	177,976	6,585,318
Shares cancelled	(34,125)	(1,404,300)
Release of ordinary shares from Share Scheme Trusts	(14,457)	(487,604)
As of December 31, 2025	133,607	4,728,092
As of January 1, 2024	32,828	438,291
Shares repurchased	260,375	3,531,531
Shares cancelled	(272,648)	(3,702,569)
Release of ordinary shares from Share Scheme Trusts	(16,342)	(232,575)
As of December 31, 2024	4,213	34,678

During the year ended December 31, 2025, the shares were repurchased at prices ranging from HK\$32.60 to HK\$53.25 per share, with an average price of HK\$40.75 per share.

During the year ended December 31, 2024, the shares were repurchased at prices ranging from HK\$12.08 to HK\$18.50 per share, with an average price of HK\$14.91 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 Other reserves

	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve RMB'000	General reserve RMB'000	Capital reserve RMB'000	Conversion option RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	8,960,378	2,296,381	3,639,896	51,871	248,917	1,764,799	151,006	17,113,248
Appropriation to statutory reserves (Note (a))	—	—	816,722	—	—	—	—	816,722
Appropriation to general reserves	—	—	—	(3,961)	—	—	—	(3,961)
Employees share-based compensation scheme:								
— value of employee services (Note (c) and Note 28)	5,365,075	—	—	—	—	—	—	5,365,075
— exercise of share options	(357,556)	—	—	—	—	—	—	(357,556)
Share of other comprehensive income of investments accounted for using the equity method (Note 11(b))	—	—	—	—	—	—	6,392	6,392
Share of other reserves of investments accounted for using the equity method (Note 11(b))	—	—	—	—	50,731	—	—	50,731
Release of ordinary shares from Share Scheme Trusts (Note 25(a)(a))	(3,436,157)	—	—	—	—	—	—	(3,436,157)
Transfer from other comprehensive income to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method	—	—	—	—	—	—	(7,263)	(7,263)
Transfer from other reserves to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method	—	—	—	—	(92,204)	—	—	(92,204)
Net gains from changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	—	140,801	140,801
Conversion of convertible bonds	—	—	—	—	—	(118,479)	—	(118,479)
Currency translation differences (Note (b))	—	(2,789,645)	—	—	—	—	—	(2,789,645)
Others	—	—	—	—	—	—	(9,654)	(9,654)
At December 31, 2025	10,531,740	(493,264)	4,456,618	47,910	207,444	1,646,320	281,282	16,678,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 Other reserves (continued)

	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve RMB'000	General reserve RMB'000	Capital reserve RMB'000	Conversion option RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024	8,309,244	1,432,953	3,335,429	67,886	308,168	1,764,799	265,139	15,483,618
Appropriation to statutory reserves (Note (a))	—	—	304,467	—	—	—	—	304,467
Appropriation to general reserves	—	—	—	(16,015)	—	—	—	(16,015)
Employees share-based compensation scheme:								
— value of employee services (Note (c) and Note 28)	3,761,843	—	—	—	—	—	—	3,761,843
— exercise of share options and RSUs	(617,499)	—	—	—	—	—	—	(617,499)
Share of other comprehensive loss of investments accounted for using the equity method (Note 11(b))	—	—	—	—	—	—	(31,402)	(31,402)
Share of other reserves of investments accounted for using the equity method (Note 11(b))	—	—	—	—	13,327	—	—	13,327
Release of ordinary shares from Share Scheme Trusts (Note 25(a)(a))	(2,493,210)	—	—	—	—	—	—	(2,493,210)
Transfer from other comprehensive loss to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method	—	—	—	—	—	—	2,846	2,846
Transfer from other reserves to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method	—	—	—	—	(32,740)	—	—	(32,740)
Net losses from changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	—	(85,302)	(85,302)
Share consideration for acquisition of Zimi completed in 2021	—	—	—	—	(62,747)	—	—	(62,747)
Capital repurchased from non-controlling interest shareholder	—	—	—	—	22,909	—	—	22,909
Currency translation differences (Note (b))	—	863,428	—	—	—	—	—	863,428
Others	—	—	—	—	—	—	(275)	(275)
At December 31, 2024	8,960,378	2,296,381	3,639,896	51,871	248,917	1,764,799	151,006	17,113,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 Other reserves (continued)

Notes:

- (a) In accordance with the Company Law of the People's Republic of China and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the Chinese Mainland, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both statutory surplus reserve fund and discretionary reserves fund can be capitalized as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.
- (b) Foreign currency translation reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the preparation of these consolidated financial statements.
- (c) Share-based compensation reserve arises from equity-settled share-based payments granted to employees of the Group, see Note 28 for details.

27 Dividends

No dividends have been paid or declared by the Company during the years ended December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments

On May 5, 2011, the Board of Directors of the Company approved the establishment of the “Xiaomi Corporation 2011 Employee Stock Option Plan” (“**2011 Plan**”) with the purpose of attracting, motivating, retaining and rewarding certain employees and directors. The 2011 Plan was valid and effective for 10 years from the approval of the Board of Directors. The maximum number of shares that may be issued under 2011 Plan shall be 35,905,172 Class B ordinary shares (which were adjusted to 1,436,206,880 shares after the 1 to 4 share split on March 14, 2014 and further 1 to 10 Share Subdivision on June 17, 2018). The 2011 Plan permits the awards of options and RSUs.

Subsequently in August 2012, the 2011 Plan was superseded in its entirety as the “2012 Employee Stock Incentive Plan” (“**Pre-IPO ESOP**”). The purpose of Pre-IPO ESOP is same as the 2011 Plan. The Pre-IPO ESOP was valid and effective for 10 years from the approval of the Board of Directors. Through Pre-IPO ESOP, the Company may grant equity-based incentive up to 45,905,172 Class B ordinary shares initially (which were adjusted to 1,836,206,880 shares after the 1 to 4 share split on March 14, 2014 and further 1 to 10 Share Subdivision on June 17, 2018). The aggregate number of reserved Class B ordinary shares approved was 2,512,694,900. The Pre-IPO ESOP permits the awards of options and RSUs.

On June 17, 2018, the Board of Directors of the Company adopted the establishment of the 2018 Share Option Scheme. The purposes of 2018 Share Option Scheme are to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The total number of Class B ordinary shares available for grant under 2018 Share Option Scheme was 1,568,094,311 shares.

On June 17, 2018, the Board of Directors of the Company adopted the establishment of the 2018 Share Award Scheme. The purposes of the 2018 Share Award Scheme are (1) to align the interests of eligible persons with those of the Group through ownership of Class B ordinary shares, dividends and other distributions paid on shares and/or the increase in value of the Class B ordinary shares, and (2) to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The aggregate number of Class B ordinary shares underlying all grants made pursuant to the 2018 Share Award Scheme will not exceed 1,118,806,541 shares without shareholders’ approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)

On June 8, 2023, the Board of Directors of the Company adopted the establishment of the 2023 Share Scheme. The purposes of the 2023 Share Scheme are (1) to align the interests of eligible persons with those of the Group through ownership of Class B ordinary shares, dividends and other distributions paid on shares and/or the increase in value of the Class B ordinary shares, and (2) to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The aggregate number of Class B ordinary shares underlying all grants made pursuant to the 2023 Share Scheme will not exceed 2,503,959,565 shares without shareholder's approval.

On June 6, 2024, the Group approved the establishment of the 2024 Xiaomi HK Share Scheme. The purposes of the 2024 Xiaomi HK Share Scheme are to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

Pre-IPO ESOP**Share options granted**

Movements in the number of share options granted under Pre-IPO ESOP and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (US\$)
Outstanding as of January 1, 2025	210,497,124	0.21
Forfeited during the year	(8,189,521)	0.17
Transferred to Share Scheme Trusts (Note 25(a)(a))	(7,655,000)	0.10
Exercised during the year	(41,260,466)	0.26
Outstanding as of December 31, 2025	153,392,137	0.21
Exercisable as of December 31, 2025	134,848,040	0.22
Outstanding as of January 1, 2024	270,705,124	0.02
Forfeited during the year	(5,513,472)	0.12
Transferred to Share Scheme Trusts (Note 25(a)(a))	(9,092,348)	0.10
Exercised during the year	(45,602,180)	0.29
Outstanding as of December 31, 2024	210,497,124	0.21
Exercisable as of December 31, 2024	175,447,124	0.23

The weighted average remaining contract life for outstanding share options was 0.90 years and 2.01 years as of December 31, 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)**2018 Share Option Scheme****Share options granted**

Movements in the number of share options granted under 2018 Share Option Scheme and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (HK\$)
Outstanding as of January 1, 2025	117,700,000	24.82
Forfeited during the year	—	—
Exercised during the year	(2,000,000)	24.50
Outstanding as of December 31, 2025	115,700,000	24.82
Exercisable as of December 31, 2025	65,700,000	25.07
Outstanding as of January 1, 2024	120,700,000	24.53
Forfeited during the year	—	—
Exercised during the year	(3,000,000)	13.60
Outstanding as of December 31, 2024	117,700,000	24.82
Exercisable as of December 31, 2024	13,775,000	25.06

The weighted average remaining contract life for outstanding share options was 4.70 years and 5.70 years as of December 31, 2025 and 2024, respectively.

Fair value of share options

The Group has used Binomial option-pricing model to determine the fair value of the share option as of the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)**2018 Share Award Scheme****RSUs granted**

Movements in the number of RSUs granted under 2018 Share Award Scheme and the respective weighted average grant date fair value are as below:

	Number of RSUs	Weighted average grant date fair value per RSU (HK\$)
Outstanding as of January 1, 2025	394,947,373	14.90
Forfeited during the year	(23,362,132)	16.27
Transferred to Share Scheme Trusts (Note 25(a)(a))	(146,107,487)	15.03
Outstanding as of December 31, 2025	225,477,754	14.66
Outstanding as of January 1, 2024	614,195,710	15.24
Forfeited during the year	(36,860,739)	15.71
Transferred to Share Scheme Trusts (Note 25(a)(a))	(182,387,598)	15.90
Outstanding as of December 31, 2024	394,947,373	14.90

The weighted average remaining contract life for outstanding RSUs was 6.58 years and 7.63 years as of December 31, 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)**2023 Share Scheme****RSUs granted**

Movements in the number of RSUs granted under 2023 Share Scheme and the respective weighted average grant date fair value are as below:

	Number of RSUs	Weighted average grant date fair value per RSU (HK\$)
Outstanding as of January 1, 2025	364,566,631	16.84
Granted during the year	187,873,763	52.78
Forfeited during the year	(30,235,632)	26.84
Transferred to Share Scheme Trusts (Note 25(a)(a))	(95,194,493)	17.79
Outstanding as of December 31, 2025	427,010,269	31.74
Outstanding as of January 1, 2024	145,582,239	13.39
Granted during the year	278,267,045	18.05
Forfeited during the year	(22,761,054)	14.82
Transferred to Share Scheme Trusts (Note 25(a)(a))	(36,521,599)	13.55
Outstanding as of December 31, 2024	364,566,631	16.84

The weighted average remaining contract life for outstanding RSUs was 8.74 years and 7.85 years as of December 31, 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)**2024 Xiaomi HK Share Scheme****Share options granted**

Movements in the number of share options granted under 2024 Xiaomi HK Share Scheme and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (US\$)
Outstanding as of January 1, 2025	483,035,294	0.10
Granted during the year	12,412,684	0.10
Forfeited during the year	(24,415,575)	0.10
Outstanding as of December 31, 2025	471,032,403	0.10
Outstanding as of January 1, 2024	—	—
Granted during the year	510,335,236	0.10
Forfeited during the year	(27,299,942)	0.10
Outstanding as of December 31, 2024	483,035,294	0.10

The weighted average remaining contract life for outstanding share options was 8.90 years and 9.89 years as of December 31, 2025 and December 31, 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 Share-based payments (continued)**2024 Xiaomi HK Share Scheme (continued)****Share options granted (continued)***Fair value of share options*

The Group has used Binomial Option-pricing model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	Year ended December 31,	
	2025	2024
Exercise price	US\$0.10	US\$0.10
Risk-free interest rate	4.58%	4.36%–4.58%
Dividend yield	—	—
Expected volatility	47.87%	46.89%–47.87%
Expected terms	10 years	10 years

The total expenses recognized in the consolidated income statement in connection with share-based payments schemes described above are RMB5,365,075,000 and RMB3,761,843,000 for the years ended December 31, 2025 and 2024, respectively.

Share based awards granted to Lei Jun

On June 17, 2018, Lei Jun was granted 42,070,000 share options in Xiaomi Finance pursuant to the first share option scheme adopted by Xiaomi Finance. Such share options were vested immediately, and Lei Jun can exercise these share options with exercise price of RMB3.8325 for each share option for the following 20 years commencing on June 17, 2018.

No share option was exercised for the years ended December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 Other non-current liabilities

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Liabilities to investors (Note (a))	12,773,216	11,529,232
Lease liabilities (Note 16)	3,634,869	3,169,514
Payables for purchase of intangible assets	1,499,581	1,478,840
Deferred income	2,438,616	2,073,346
Others	46,502	61,268
	20,392,784	18,312,200

Note:

- (a) It mainly represents the funds injected by the third party investors of Hubei Xiaomi Yangtze River Industry Investment Fund Partners (Limited Partnership) (湖北小米長江產業基金合夥企業 (有限合夥)) (the "Hubei Fund") and Beijing Xiaomi Zhizao Equity Investment Fund Partners (Limited Partnership) (北京小米智造股權投資基金合夥企業 (有限合夥)) (the "Beijing Fund"). The Group controls the Hubei Fund and the Beijing Fund as the Group is exposed to and has rights to variable returns from its involvement with the Hubei Fund and the Beijing Fund, and has the ability to affect those returns through its power over the Hubei Fund and the Beijing Fund.

For the amount raised from limited partners of the Hubei Fund, the Group has contractual obligation to settle the liability with the limited partners and therefore is classified as a financial liability measured at amortized cost in the consolidated financial statements. The carrying amount of this financial liability approximates to its fair value.

For the amount raised from limited partners of the Beijing Fund, the Group has contractual obligation to settle the liability with the limited partners and the management designates it as a financial liability measured at fair value through profit or loss in the consolidated financial statements.

30 Trade payables

Trade payables primarily include payables for inventories. As of December 31, 2025 and 2024, the carrying amounts of trade payables were primarily denominated in RMB, US\$ and INR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

30 Trade payables (continued)

Trade payables and their aging analysis based on invoice date are as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	93,538,383	68,064,824
3 to 6 months	11,379,071	18,694,125
6 months to 1 year	3,169,615	9,035,928
1 to 2 years	978,245	1,626,560
Over 2 years	1,634,158	859,148
	110,699,472	98,280,585

31 Other payables and accruals

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Amounts collected for third parties	780,007	1,111,377
Payroll and welfare payables	5,458,897	4,397,878
Deposits payable	9,171,591	7,897,341
Accrual expenses	4,674,232	3,670,402
Payables for construction cost	2,147,819	2,145,851
Other taxes payables	2,750,624	2,101,538
Lease liabilities (Note 16)	2,079,368	2,238,842
Deposits from customers	—	2,222,025
Refundable liabilities	2,886,499	3,949,644
Payables for purchase of intangible assets	1,304,061	2,381,930
Payables related to share options and RSUs	218,700	557,382
Others	3,880,125	3,697,825
	35,351,923	36,372,035

The carrying amounts of other payables were primarily denominated in RMB and US\$ and approximate their fair values as of December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

32 Advance from customers

Advance from customers mainly included contract liabilities, which are the Group's obligations to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. As of December 31, 2025, the total contract liabilities amounted to RMB17,493,960,000 (2024: RMB15,086,463,000), which will be recognized as revenue within one year.

33 Borrowings

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Included in non-current liabilities		
Secured borrowings (Note (a))	1,754,255	1,827,365
Unsecured borrowings (Note (b))	16,046,323	15,448,356
Convertible bonds (Note (c))	5,120,855	—
	22,921,433	17,275,721
Included in current liabilities		
Secured borrowings (Note (a))	73,094	73,094
Unsecured borrowings (Note (b))	13,129,132	7,893,845
Convertible bonds (Note (c))	—	5,360,358
	13,202,226	13,327,297

Notes:

- (a) As of December 31, 2025, RMB1,827,349,000 (2024: RMB1,900,459,000) of borrowings were secured by buildings and land use rights amounting to approximately RMB2,458,384,000 (2024: RMB2,619,484,000). The interest rate of these borrowings was 2.80% (2024: 2.90%) per annum.
- (b) As of December 31, 2025, other than the interest rate of 10.00% to 11.25% (2024: 14.00%) for unsecured borrowings in Bangladeshi Taka ("BDT") 1,370,000,000 (2024: BDT280,000,000), which was equivalent to RMB78,775,000 (2024: RMB16,847,600), and the interest rate of 11.85% (2024: Nil) for unsecured borrowings in Pakistani Rupee ("PKR") 3,271,114,000 (2024: Nil), which was equivalent to RMB81,745,000 (2024: Nil), the interest rate of the remaining unsecured borrowings was 0.14% to 4.71% (2024: 2.22% to 5.22%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 Borrowings (continued)

Notes (continued):

- (c) On December 17, 2020, the Group issued 7-Year US\$855,000,000 zero coupon guaranteed convertible bonds to third party professional investors (the "Bondholders"), which would due on December 17, 2027 (the "Bonds"). The Bondholders have the right, at any time on or after January 27, 2021 up to the 10 days prior to the maturity date, to convert part or all of the outstanding principal amount of the Bonds into ordinary shares of the Group at a conversion price of HK\$36.74 per share, subject to adjustments. The Bondholders only had the right to require the Group to redeem all or some of the Bonds on December 17, 2025; and to require the Group to redeem all or some Bonds on some specified events ("loan covenants"). The Group has the right, but no obligation, to repurchase the Bonds if a predetermined condition is met.

As of December 31, 2025, the outstanding principal amount of the Bonds was US\$797,600,000, which is repayable by the Group upon the maturity of the Bonds on December 17, 2027, if not previously redeemed, converted or repurchased and cancelled.

As the conversion feature was recognized as equity separate from the host contract of the Bonds, the Group complied with the loan covenants as of December 31, 2025, the Bondholders only have the right to require the Group to convert anytime before the maturity or redeem on maturity date, the Bonds are classified as non-current liabilities as of December 31, 2025 in accordance with the requirements of IAS 1.

The liability component of the Bonds recognized in the balance sheet are calculated as follows:

	RMB'000
Liability component as of January 1, 2025	5,360,358
Interest accrued	244,004
Converted into ordinary shares	(367,594)
Effect of foreign currency translation	(115,913)
Liability component as of December 31, 2025	5,120,855
Liability component as of January 1, 2024	5,042,891
Interest accrued	239,647
Effect of foreign currency translation	77,820
Liability component as of December 31, 2024	5,360,358

The equity component of the Bonds of RMB1,646,320,000 and RMB1,764,799,000 was included in "Other reserves" (Note 26) of the Group as of December 31, 2025 and 2024, respectively.

In June and July 2025, some investors converted the Group's convertible bonds with an aggregate principal amount of US\$57,400,000 into 12,112,587 Class B ordinary shares of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

34 Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to be applied at the time of reversal of the temporary differences.

The amount of offsetting deferred income tax assets and liabilities is RMB1,213,677,000 as of December 31, 2025 (2024: RMB1,224,886,000). The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Deferred income tax assets:		
— to be recovered after 12 months	1,717,716	1,555,467
— to be recovered within 12 months	3,131,969	2,451,401
	4,849,685	4,006,868
Deferred income tax liabilities:		
— to be settled after 12 months	(3,579,620)	(2,472,267)
— to be settled within 12 months	(34,815)	(34,815)
	(3,614,435)	(2,507,082)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

34 Deferred income taxes (continued)

The movement in deferred income tax assets and liabilities during the years without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Accrued liabilities and provisions RMB'000	Provision for impairment of inventories RMB'000	Depreciation of property, plant and equipment and amortization of intangible assets RMB'000	Tax losses RMB'000	Fair value changes of financial assets RMB'000	Credit loss allowance RMB'000	Unrealized gain on intra-group transactions RMB'000	Unrealized exchange loss RMB'000	Lease RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	1,161,440	455,355	40,514	23,034	256,156	54,359	780,247	872,697	—	363,066	4,006,868
Credited/(debited) to consolidated income statement	550,201	130,532	3,822	117,152	(229,294)	22,489	(22,654)	(39,024)	105,460	204,133	842,817
At December 31, 2025	1,711,641	585,887	44,336	140,186	26,862	76,848	757,593	833,673	105,460	567,199	4,849,685
At January 1, 2024	906,011	367,103	30,226	212,807	123,115	76,714	526,144	319,317	—	97,136	2,658,573
Credited/(debited) to consolidated income statement	255,429	88,252	10,288	(189,773)	133,041	(22,355)	254,103	553,380	—	265,930	1,348,295
At December 31, 2024	1,161,440	455,355	40,514	23,034	256,156	54,359	780,247	872,697	—	363,066	4,006,868

Deferred income tax assets are recognized for deductible temporary differences to the extent that the realization of the related tax benefits through future taxable profits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

34 Deferred income taxes (continued)

Deferred income tax liabilities:

	Fair value changes of financial assets RMB'000	Depreciation of property, plant and equipment and amortization of intangible assets RMB'000	Unrealized exchange gain RMB'000	Business combination RMB'000	Lease RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	(1,497,400)	(125,636)	(10,081)	(118,844)	(754,796)	(325)	(2,507,082)
(Debited)/credited to consolidated income statement	(808,736)	(276,005)	10,081	34,815	(40,829)	(26,679)	(1,107,353)
At December 31, 2025	(2,306,136)	(401,641)	—	(84,029)	(795,625)	(27,004)	(3,614,435)
At January 1, 2024	(1,477,863)	(118,707)	—	(153,659)	(241,559)	(322)	(1,992,110)
(Debited)/credited to consolidated income statement	(19,537)	(6,929)	(10,081)	34,815	(513,237)	(3)	(514,972)
At December 31, 2024	(1,497,400)	(125,636)	(10,081)	(118,844)	(754,796)	(325)	(2,507,082)

As of December 31, 2025, the Group did not recognize deferred income tax assets of RMB6,991,545,000 (2024: RMB8,336,779,000), in respect of deductible temporary differences and cumulative tax losses amounting RMB30,934,009,000 (2024: RMB35,413,855,000), that can be carried forward against future taxable income. The tax losses as of December 31, 2025 amounting to RMB1,010,748,000 (2024: RMB4,205,949,000) can be carried forward indefinitely, and the remaining amount of RMB23,452,623,000 (2024: RMB23,161,627,000) will expire within 15 years (2024: 12 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

35 Cash flow information

(a) Cash generated from operations

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit before income tax	49,646,865	28,126,653
Adjustments for:		
– Depreciation of property, plant and equipment, right-of-use assets and investment properties	5,256,031	3,626,279
– Amortization of intangible assets	3,500,716	2,691,990
– Gains on disposal of property, plant and equipment	(13,739)	(9,147)
– Loss on early termination of land use rights	–	52,051
– Net impairment (reversal)/losses on financial assets	(7,522)	195,938
– Provision for impairment of inventories	6,848,003	5,762,582
– Impairment on investments accounted for using the equity method	295,245	161,668
– Interest income	(5,380,680)	(3,836,204)
– Interest expenses	3,634,735	212,447
– Dividend income	(213,906)	(298,647)
– Share of net profits of investments accounted for using the equity method	(326,127)	(276,845)
– Gains on disposal and deemed disposal of investments accounted for using the equity method	(2,089,122)	(635,599)
– Lose control of one subsidiary due to dilution	(73,729)	–
– Fair value changes on financial instruments measured at fair value through profit or loss	(13,311,733)	(1,050,772)
– Share-based compensation	5,365,075	3,726,085
– Foreign exchange (gains)/losses, net	(95,656)	319,630
Operating cash flows before changes in working capital		
– Increase in inventories	(26,065,762)	(24,131,971)
– Decrease/(increase) in trade and notes receivables	257,988	(8,387,158)
– Increase in loan receivables	(475,607)	(2,567,194)
– Increase in prepayments and other receivables	(4,768,348)	(8,319,875)
– Decrease/(increase) in restricted cash	509,810	(735,361)
– Increase in trade payables	11,925,370	36,092,511
– Increase in advance from customers	2,691,526	2,966,496
– Increase in provisions	2,185,457	1,243,112
– (Decrease)/increase in other payables and accruals	(846,194)	7,876,262
– Increase/(decrease) in other non-current liabilities	365,269	(42,214)
Cash generated from operations	38,813,965	42,762,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

35 Cash flow information (continued)**(b) Non-cash investing and financing transactions**

Other than addition of right-of-use assets and lease liabilities described in Note 16, transfer of investments accounted for using the equity method to financial assets at fair value through profit or loss as described in Note 11(b) and Note 19, addition of intangible assets in Note 15 with increase of payables for purchase of intangible assets in Note 29 and Note 31, addition of property, plant and equipment in Note 14 with payables for purchase of property, plant and equipment in Note 31, and transfer of convertible bonds to the ordinary shares of the Company in Note 33(c), there were no material non-cash investing and financing transactions for the years ended December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

35 Cash flow information (continued)

(c) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities					Total RMB'000
	Borrowing RMB'000	Interest payable RMB'000	Liabilities to investors RMB'000	Lease liabilities RMB'000	Payables for purchase of intangible assets RMB'000	
Liabilities from financing activities as of January 1, 2025	30,603,018	30,006	12,445,689	5,408,356	3,860,770	52,347,839
Cash flows	4,644,601	(122,022)	(1,442,629)	(2,902,504)	(2,499,913)	(2,322,467)
Accrued interest expenses	838,009	103,543	2,368,981	201,032	123,170	3,634,735
Foreign exchange adjustments	(330,409)	—	—	(3,541)	(149,557)	(483,507)
Other non-cash movements (Note (a))	368,440	—	534,648	3,010,894	1,469,172	5,383,154
Liabilities from financing activities as of December 31, 2025	36,123,659	11,527	13,906,689	5,714,237	2,803,642	58,559,754
Liabilities from financing activities as of January 1, 2024	27,857,345	9,631	13,803,045	1,968,166	5,158,622	48,796,809
Cash flows	6,136,699	(121,344)	(113,749)	(2,476,524)	(3,182,954)	242,128
Accrued interest expenses	857,111	141,719	(1,119,698)	165,770	167,545	212,447
Foreign exchange adjustments	263,736	—	—	—	5,787	269,523
Other non-cash movements (Note (a))	(4,511,873)	—	(123,909)	5,750,944	1,711,770	2,826,932
Liabilities from financing activities as of December 31, 2024	30,603,018	30,006	12,445,689	5,408,356	3,860,770	52,347,839

Note:

- (a) It mainly resulted from the addition of payables for purchase of intangible assets, the addition of leases and the maturity of discounted commercial bill acceptance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

36 Contingencies

The Group, in the ordinary course of its business, is involved in various claims, lawsuits, and legal proceedings that arise from time to time. Since December 2021, Xiaomi India has been involved in various investigations and notifications initiated by relevant Indian authorities including the Income Tax Department, the Directorate of Revenue Intelligence and the Directorate of Enforcement in relation to compliance of relevant income tax regulations, custom duties regulations as well as foreign exchange regulations, respectively.

In this connection, Xiaomi India received orders alleging that it has inappropriately deducted certain costs and expenses, including purchase costs of mobile phones and royalty fees paid to overseas third parties as well as companies within the Group. As a result, certain of its bank accounts have been attached and thereby INR48,550,132,000 (equivalent to RMB3,784,968,000) has been considered as restrictive as of December 31, 2025 [2024: INR47,042,193,000 (equivalent to RMB4,016,462,000)]. The cases are currently in the hearing stages and not yet concluded.

Management assessed the aforesaid matters related to Xiaomi India, after taking into considerations of opinions from professional advisors, it is concluded that Xiaomi India has valid grounds to respond to the relevant Indian authorities. The Group, hence, has not made any material provision as of December 31, 2025 pertaining to these matters.

Conclusions of legal proceedings, investigations and allegations could take a long period of time, and the Group could receive judgments or enter into settlements that may adversely affect its operating results or cash flows. Quantifying the related financial effects is not practical at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

37 Commitments**(a) Capital commitments**

Capital expenditure contracted for at the end of the years but not yet incurred is as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	1,163,377	1,358,296
Intangible assets	6,257	6,390
Investments	1,349,935	1,193,692
	2,519,569	2,558,378

(b) Operating lease commitments

The Group leases offices, warehouses, retail stores and servers under non-cancellable lease agreements. The Group has recognized right-of-use assets and lease liabilities for these leases, except for certain short-term leases, variable lease payments and leases contracted but before the commencement date as shown in the table below. Other than those lease contract recognized and disclosed in Note 16, the Group's future aggregate minimum lease payments under non-cancellable leases are as follows:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Not later than 1 year	96,033	9,046
Later than 1 year and not later than 5 years	35,215	36,556
Later than 5 years	628	388
	131,876	45,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

38 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. 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.

(a) Significant transactions with related parties

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
(i) Sales of goods and services to		
Associates of the Group	150,964	353,800
(ii) Purchases of goods and services from		
Associates of the Group	35,977,646	43,724,394

(b) Significant year end balances with related parties

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
(i) Trade receivables from		
Associates of the Group	721,419	95,156
(ii) Trade payables to		
Associates of the Group	2,405,240	10,418,355
(iii) Prepayments and other receivables from		
Associates of the Group	2,571,096	442,112
(iv) Other payables and accruals to		
Associates of the Group	152,458	116,504

All the balances with related parties above were unsecured, non-interest bearing and repayable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

38 Related party transactions (continued)**(c) Key management compensation**

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	24,723	19,375
Discretionary bonuses	17,035	28,183
Share-based compensation expenses	489,901	458,005
Contributions to pension plans and other employee benefits	1,805	1,791
	533,464	507,354

39 Events after the reporting period

The Company repurchased 133,581,200 Class B ordinary shares during the period from January 1, 2026 to the approval date of these consolidated financial statements by the Board on March 24, 2026. The total considerations were approximately HK\$4,776,847,000. Of these repurchased shares, 96,833,400 were cancelled on March 19, 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

40 Financial position and reserve movement of the Company

(a) Financial position of the Company

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	36	27
Investment in subsidiaries	48,273,282	42,888,797
Investment accounted for using the equity method	564,180	188,141
	48,837,498	43,076,965
Current assets		
Prepayments and other receivables	55,583,791	22,877,669
Cash and cash equivalents	1,549,454	1,520,771
	57,133,245	24,398,440
Total assets	105,970,743	67,475,405
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	426	407
Reserves (Note 40(b))	100,744,789	63,464,008
Total equity	100,745,215	63,464,415
Liabilities		
Current liabilities		
Other payables and accruals	5,225,528	4,010,990
Total liabilities	5,225,528	4,010,990
Total equity and liabilities	105,970,743	67,475,405

The balance sheet of the Company was approved by the Board of Directors on March 24, 2026 and was signed on its behalf:

Lei Jun

Lin Bin

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

40 Financial position and reserve movement of the Company (continued)

(b) Reserve movement of the Company

	Treasury shares RMB'000	Share premium RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Conversion option RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	(34,678)	60,117,658	8,976,743	3,543,254	230,876	(11,107,908)	1,764,799	(26,736)	63,464,008
Profit for the year	—	—	—	—	—	340,432	—	—	340,432
Purchase of own shares	(6,585,318)	—	—	—	—	—	—	—	(6,585,318)
Cancellation of shares	1,404,300	(1,404,300)	—	—	—	—	—	—	—
Issuance of shares upon placement	—	39,225,977	—	—	—	—	—	—	39,225,977
Release of ordinary shares from Share Scheme Trusts	487,604	2,953,189	(3,436,157)	—	—	—	—	—	4,636
Employees share-based compensation scheme:									
— value of employee services (Note 28)	—	—	5,365,075	—	—	—	—	—	5,365,075
— exercise of share options (Note 28)	—	517,910	(357,556)	—	—	—	—	—	160,354
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	—	6,722	6,722
Share of other reserves of investments accounted for using the equity method	—	—	—	—	50,018	—	—	—	50,018
Conversion of convertible bonds	—	486,073	—	—	—	—	(118,479)	—	367,594
Currency translation differences (Note (a))	—	—	—	(1,670,767)	—	—	—	—	(1,670,767)
Others	—	—	—	—	—	—	—	16,058	16,058
At December 31, 2025	(4,728,092)	101,896,507	10,548,105	1,872,487	280,894	(10,767,476)	1,646,320	(3,956)	100,744,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

40 Financial position and reserve movement of the Company (continued)

(b) Reserve movement of the Company (continued)

	Treasury shares RMB'000	Share premium RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Conversion option RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024	(438,291)	60,778,287	8,345,086	2,888,998	252,874	(10,808,995)	1,764,799	(7,163)	62,775,595
Loss for the year	—	—	—	—	—	(298,913)	—	—	(298,913)
Purchase of own shares	(3,531,531)	—	—	—	—	—	—	—	(3,531,531)
Cancellation of shares	3,702,569	(3,702,564)	—	—	—	—	—	—	5
Release of ordinary shares from Share Scheme Trusts	232,575	2,268,200	(2,493,210)	—	—	—	—	—	7,565
Employees share-based compensation scheme:									
— value of employee services (Note 28)	—	—	3,742,366	—	—	—	—	—	3,742,366
— exercise of share options and RSUs (Note 28)	—	710,988	(617,499)	—	—	—	—	—	93,489
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	—	—	—	—	(19,573)	(19,573)
Share of other reserves of investments accounted for using the equity method	—	—	—	—	40,749	—	—	—	40,749
Share consideration for acquisition of Zimi completed in 2021	—	62,747	—	—	(62,747)	—	—	—	—
Currency translation differences (Note (a))	—	—	—	654,256	—	—	—	—	654,256
At December 31, 2024	(34,678)	60,117,658	8,976,743	3,543,254	230,876	(11,107,908)	1,764,799	(26,736)	63,464,008

Note:

- (a) Foreign currency translation reserve represents the difference arising from the translation of the financial statements of the Company as its functional currency in US\$, different from its presentation currency as RMB.

DEFINITIONS

“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Airstar Digital Technology”	Airstar Digital Technology Co., Ltd.* (天星數科科技有限公司), formerly known as Xiaomi Digital Technology Co., Ltd. and Beijing Xiaomi Payment Technology Co., Ltd., a limited liability company established under the laws of the Chinese Mainland on December 26, 2013 and an indirect wholly-owned subsidiary of the Company
“Articles” or “Articles of Association”	the articles of association of the Company adopted on June 17, 2018 with effect from Listing as amended from time to time
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Beijing Digital Technology”	Beijing Xiaomi Digital Technology Co., Ltd.* (北京小米數碼科技有限公司), a limited liability company established under the laws of the Chinese Mainland on December 21, 2010 and an indirect wholly-owned subsidiary of the Company
“Beijing Duokan”	Beijing Duokan Technology Co., Ltd.* (北京多看科技有限公司), a limited liability company established under the laws of the Chinese Mainland on February 10, 2010 and a Consolidated Affiliated Entity of the Company
“Beijing Electronic Software”	Beijing Xiaomi Electronic Software Co., Ltd.* (北京小米電子軟件技術有限公司), a limited liability company established under the laws of the Chinese Mainland on July 1, 2014 and a Consolidated Affiliated Entity of the Company
“Beijing Wali”	Wali Information Technologies [Beijing] Ltd.* (瓦力信息技術(北京)有限公司), a limited liability company established under the laws of the Chinese Mainland on February 22, 2010 and an indirect wholly-owned subsidiary of the Company

“Beijing Wali Culture”	Beijing Wali Culture Communication Co., Ltd.* (北京瓦力文化傳播有限公司), a limited liability company established under the laws of the Chinese Mainland on May 8, 2014 and a Consolidated Affiliated Entity of the Company
“Beijing Wali Internet”	Beijing Wali Internet Technologies Co., Ltd.* (北京瓦力網絡科技有限公司), a limited liability company established under the laws of the Chinese Mainland on June 1, 2009 and a Consolidated Affiliated Entity of the Company
“Board”	our board of Directors
“CEO”	chief executive officer
“CFO”	chief financial officer
“CG Code”	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
“Class A Shares”	class A ordinary shares of the share capital of the Company with a par value of US\$0.0000025 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	class B ordinary shares of the share capital of the Company with a par value of US\$0.0000025 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings (save for any treasury Shares, the holders of which shall abstain from voting at the Company’s general meeting)
“Co-founder”	Hong Feng, Li Wanqiang, Lin Bin, Liu De, Wang Chuan, Wong Kong Kat and Zhou Guangping

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Xiaomi Corporation 小米集团 (formerly known as Top Elite Limited), a company with limited liability incorporated under the laws of the Cayman Islands on January 5, 2010
“Compliance Advisor”	Guotai Junan Capital Limited, being the compliance advisor of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”, each a “Consolidated Affiliated Entity”	the entities we control through the Contractual Arrangements, namely the Onshore Holdcos and their respective subsidiaries
“Contractual Arrangements”	the set of agreements entered into by each of the WFOEs and the Onshore Holdcos for the purpose of operations of the Restricted Business of the Group in the PRC
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Lei Jun and the directly and indirectly held companies through which Lei Jun has an interested in the Company, namely, Smart Mobile Holdings Limited and Smart Player Limited
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, or “the Group”	the Company, its subsidiaries and Consolidated Affiliated Entities from time to time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standard
“Latest Practicable Date”	April 14, 2026, being the latest practicable date prior to the bulk printing and publication of this annual report
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Date”	July 9, 2018, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Onshore Holdcos” each a “Onshore Holdco”	Beijing Wali Culture, Xiaomi Inc., Rigo Design, Beijing Duokan, Beijing Wali Internet, Beijing Electronic Software and Youpin Information Technology
“PRC”	the People’s Republic of China
“PRC Legal Advisor”	JunHe LLP

“Pre-IPO ESOP”	the pre-IPO employee stock incentive scheme adopted by the Company dated May 5, 2011 and superseded on August 24, 2012, as amended from time to time
“Prospectus”	the prospectus of the Company dated June 25, 2018
“Registered Shareholders”	the registered shareholders of the Onshore Holdcos
“Reporting Period”	the year ended December 31, 2025
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“Rigo Design”	Rigo Design (Beijing) Co., Ltd.* (美卓軟件設計(北京)有限公司), a limited liability company established under the laws of the Chinese Mainland on April 24, 2012 and a Consolidated Affiliated Entity of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the Chinese Mainland
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Class A Shares and/or Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“treasury Shares”	has the meaning ascribed to it under the Listing Rules, which, in the Company’s case, refers to the Class B Shares
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“weighted voting rights” or “WVR”	has the meaning ascribed to it under the Listing Rules
“WFOEs”, each a “WFOE”	Xiaomi Communications, Xiaomi Mobile Software, Beijing Digital Technology, Beijing Wali, Airstar Digital Technology, and Xiaomi Youpin Technology
“WVR Beneficiary”	has the meaning ascribed to it under the Listing Rules
“Xiaomi Communications”	Xiaomi Communications Co., Ltd* [小米通訊技術有限公司], a limited liability company established under the laws of the Chinese Mainland on August 25, 2010 and an indirect wholly-owned subsidiary of the Company
“Xiaomi EV”	Xiaomi EV, Inc., an exempted company incorporated under the laws of the Cayman Islands on August 5, 2021 with limited liability and a direct wholly-owned subsidiary of the Company
“Xiaomi Finance”	Xiaomi Finance Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 15, 2018 and a direct wholly-owned subsidiary of the Company

“Xiaomi Finance Group”	Xiaomi Finance and its subsidiaries and consolidated affiliated entities from time to time
“Xiaomi HK”	Xiaomi H.K. Limited, a limited liability company incorporated under the laws of Hong Kong on April 7, 2010 and a direct wholly-owned subsidiary of the Company
“Xiaomi HK Group”	Xiaomi HK and its subsidiaries from time to time
“Xiaomi HK Shares”	ordinary share(s) in the share capital of Xiaomi HK
“Xiaomi Inc.”	Xiaomi Inc.* (小米科技有限責任公司), a limited liability company established under the laws of the Chinese Mainland on March 3, 2010 and a Consolidated Affiliated Entity of the Company
“Xiaomi Mobile Software”	Beijing Xiaomi Mobile Software Co., Ltd.* (北京小米移動軟件有限公司), a limited liability company established under the laws of the Chinese Mainland on May 8, 2012 and an indirect wholly-owned subsidiary of the Company
“Xiaomi Youpin Technology”	Xiaomi Youpin Technology Co. Ltd.* (小米有品科技有限公司), a limited liability company established under the laws of the Chinese Mainland on May 8, 2018 and an indirect wholly-owned subsidiary of the Company
“XMF Share Option Scheme I”	the first share option scheme adopted by Xiaomi Finance on June 17, 2018, as amended from time to time
“XM Group”	our Group other than the Xiaomi Finance Group
“Youpin Information Technology”	Youpin Information Technology Co., Ltd.* (有品信息科技有限公司), a limited liability company established under the laws of the Chinese Mainland on April 4, 2018 and a Consolidated Affiliated Entity of the Company
“2018 Share Award Scheme”	the share award scheme adopted by the Company on June 17, 2018, as amended from time to time

“2018 Share Option Scheme”	the share option scheme adopted by the Company on June 17, 2018, as amended from time to time
“2023 Share Scheme”	the share scheme adopted by the Company on June 8, 2023, as amended from time to time
“2024 Xiaomi HK Share Scheme”	the share scheme adopted by Xiaomi HK on June 6, 2024, as amended from time to time
“%”	per cent

* For identification purposes only

