



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)

## 2024 INTERIM REPORT

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Shareholders who have chosen or are deemed to have consented to receive the corporate communications using electronic means and who have difficulty in receiving or gaining access to the interim report posted on the Company's website will promptly upon request be sent the interim report in printed form free of charge.

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# CONTENTS

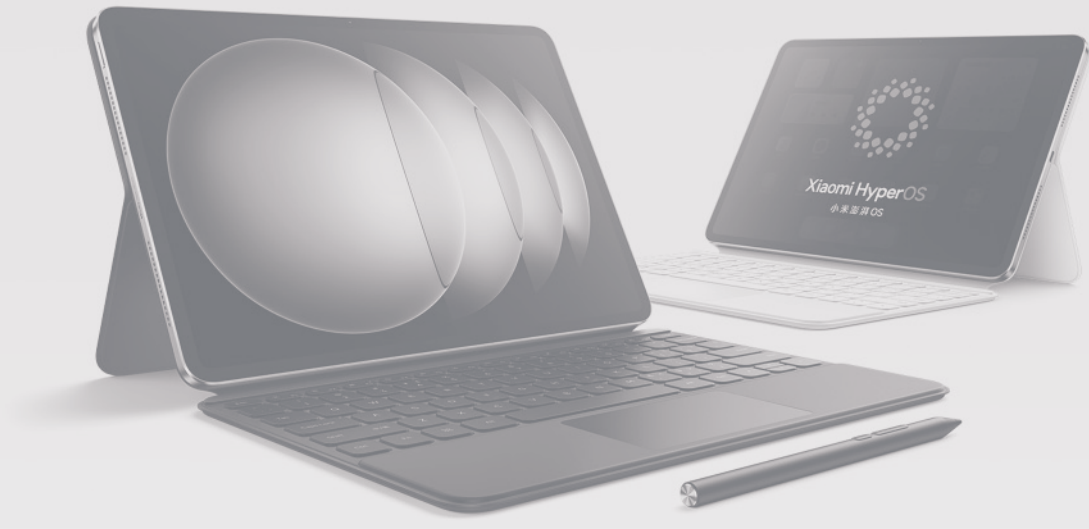
CORPORATE INFORMATION	4
KEY HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	8
MANAGEMENT DISCUSSION AND ANALYSIS	17
OTHER INFORMATION	33
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	53
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS	54
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	55
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	56
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	58
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	60
NOTES TO THE INTERIM FINANCIAL INFORMATION	62
DEFINITIONS	118





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)

Tong Wai Cheung Timothy (唐偉章)

(resigned with effect from January 8, 2024)

Cai Jinqing (蔡金青)

(appointed with effect from January 8, 2024)

## 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)*

(appointed with effect from January 8, 2024)

Lin Bin (林斌)

Tong Wai Cheung Timothy (唐偉章)

(resigned with effect from January 8, 2024)

Cai Jinqing (蔡金青)

(appointed with effect from January 8, 2024)

## Corporate Governance Committee

Chen Dongsheng (陳東升) *(Chairman)*

Wong Shun Tak (王舜德)

Tong Wai Cheung Timothy (唐偉章)

(resigned with effect from January 8, 2024)

Cai Jinqing (蔡金青)

(appointed with effect from January 8, 2024)

## Joint 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 Mainland China

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

### Principal Place of Business in Hong Kong

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon, Hong Kong

### Hong Kong Legal Advisor

Skadden, Arps, Slate, Meagher & Flom  
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](http://www.mi.com)

# KEY HIGHLIGHTS

	June 30, 2024	Unaudited Six months ended June 30, 2023	Year-over-year change
	(RMB in millions, unless specified)		
Revenue	164,394.7	126,832.0	29.6%
Gross profit	35,223.9	25,752.6	36.8%
Operating profit	9,571.8	9,940.7	-3.7%
Profit before income tax	11,901.8	10,426.4	14.2%
Profit for the period	9,242.9	7,881.7	17.3%
Non-IFRS Measure: Adjusted Net Profit <sup>1</sup>	12,666.4	8,373.5	51.3%

<sup>1</sup> See the section entitled "Non-IFRS Measure: Adjusted Net Profit" for more information about the non-IFRS measure.






Six months ended June 30, 2024



Total revenue

164.4  
RMB billion



Smartphone x AIoT  
segment<sup>(1)</sup> revenue

158.0  
RMB billion



Smart EV and  
other new initiatives  
segment<sup>(1)</sup> revenue

6.4  
RMB billion



Gross profit margin

21.4%



Smartphone  
shipments

82.8  
million units



Connected IoT  
devices<sup>(2)</sup>

822.2  
million units



Global MAU<sup>(3)</sup>

675.8  
million



Smart EV deliveries

27,367  
vehicles

Notes:

(1) Since the second quarter of 2024, we have updated our business into two main business segments, including smartphone x AIoT segment, and smart EV and other new initiatives segment. The smartphone x AIoT segment encompasses smartphones, IoT and lifestyle products, internet services and other related business. The smart EV and other new initiatives segment encompasses smart EV and other related business.

(2) As of June 30, 2024, excluding smartphones, tablets and laptops.

(3) In June 2024, global monthly active users including smartphones and tablets.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present our interim report for the six months ended June 30, 2024 to the shareholders.



## 1. Overall Performance

In the first half of 2024, by continuing to execute our operating strategy of “steadfastly forging ahead” and enhancing our capabilities, we achieved strong growth in both revenue and profitability. In the first half of 2024, our total revenue amounted to RMB164.4 billion, with an increase of 29.6% year-over-year. Segment-wise<sup>2</sup>, in the first half of 2024, revenue of our smartphone × AIoT segment reached RMB158.0 billion; revenue of our smart Electric Vehicle (“EV”) and other new initiatives segment reached RMB6.4 billion. In the first half of 2024, our adjusted net profit increased by 51.3% year-over-year to RMB12.7 billion, which included RMB4.0 billion in adjusted net loss related to our smart EV and other new initiatives<sup>3</sup>.

<sup>2</sup> Since the second quarter of 2024, we have updated our business into two main business segments, including smartphone × AIoT segment, and smart EV and other new initiatives segment. The smartphone × AIoT segment encompasses smartphones, IoT and lifestyle products, internet services and other related business. The smart EV and other new initiatives segment encompasses smart EV and other related business.

<sup>3</sup> Excluding share-based compensation expenses (SBC) related to smart EV and other new initiatives of RMB0.4 billion for the first half of 2024.

We continued to advance our corporate strategy of “Human × Car × Home”. In the first half of 2024, our global smartphone shipments reached 82.8 million units, up 30.8% year-over-year. According to Canalys, in the first half of 2024, our global smartphone shipments ranked among top three, with a market share of 14.2%. We have ranked among top three smartphone brands globally in terms of smartphone shipment for the sixteenth consecutive quarter. Meanwhile, we continued to expand our user ecosystem. In June 2024, our global monthly active users (“MAU”)<sup>4</sup> reached another record high at 675.8 million, increasing 11.5% year-over-year. As of June 30, 2024, the number of connected IoT devices on our AIoT platform (excluding smartphones, tablets and laptops) increased to 822.2 million, up 25.6% year-over-year. On March 28, 2024, we officially launched our first smart EV product, the *Xiaomi SU7 Series*, enhancing our product ecosystem. In the first half of 2024, the deliveries of the *Xiaomi SU7 Series* reached 27,367 vehicles.

We continued to advance our smartphone premiumization strategy, consistently enhancing product capabilities. In July 2024, we unveiled the new-generation *Xiaomi MIX Fold 4*, featuring flagship performance with a lighter and thinner experience. Additionally, we launched the *Xiaomi MIX Flip*, our first compact foldable device, providing both stylish design and advanced technological features with flagship performance. With continued evolvement of our premiumization strategy, the improvement of our premium product capabilities, and the accumulation of user perception, we continued to solidify and extend our current position in the competitive landscape of premium smartphone in mainland China. According to third party data, in the first half of 2024, our premium smartphone<sup>5</sup> shipments accounted for 21.9% of our total smartphone shipments in mainland China, representing an increase of 1.7 percentage points year-over-year. According to third-party data, in the first half of 2024, in the RMB3,000–6,000 segment, our market share reached 16.2%, up by 3.1 percentage points year-over-year.

Acceleration and ecosystem upgrade is our new retail strategy for 2024. In the first half of 2024, the number of our offline retail stores in mainland China continued to grow. As of June 30, 2024, the number of our offline retail stores in mainland China exceeded 12,000. In the first half of 2024, according to third-party data, our market share of smartphone shipments through offline channels in mainland China was 9.6%, up by 1.7 percentage points year-over-year. In the meantime, during the 2024 618 e-Commerce Shopping Festival, our omnichannel cumulative gross merchandise value (“GMV”)<sup>6</sup> amounted to over RMB26.3 billion<sup>6</sup>, setting a new record for our e-commerce shopping festivals.

We continued to expand our global footprint while focusing on growth opportunities in the global market. In the first half of 2024, our revenue from overseas markets reached RMB75.9 billion, accounting for 46.2% of our total revenue. According to Canalys, in the first half of 2024, our smartphone shipments ranked among the top three

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<sup>4</sup> Including smartphones and tablets.

<sup>5</sup> Premium smartphones in mainland China are models with retail prices at or above RMB3,000.

<sup>6</sup> Our omnichannel includes Mi Store, Mi Home, Xiaomi Youpin, major authorized e-commerce platforms and authorized retailers; data source: Xiaomi’s data center, JD.com’s business intelligence “Shangzhi” and “Jingsu” product ranking, and Tmall’s business intelligence “Shengyi Canmou”, from May 20, 2024 20:00:00 to June 18, 2024 23:59:59, including precaptured data of individual categories, from May 1, 2024 00:00:00 to June 18, 2024 23:59:59.

## CHAIRMAN'S STATEMENT

across 58 countries and regions globally and ranked among the top five across 67 countries and regions globally. With the strength of our global brand recognition and enhanced operational capabilities, we achieved steady growth in our overseas AIoT business. According to Canalys, in the first half of 2024, our tablet shipments ranked among the top five globally, our TWS earbud shipments ranked among the top three globally, and our wearable bands<sup>7</sup> shipments ranked among the top two globally.

In the first half of 2024, we launched and started to deliver the *Xiaomi SU7 series*. We fulfilled our commitment to our users, which is “launch upon release, deliver upon launch, and ramp up production upon delivery”, successfully delivering 27,367 vehicles during the first half of 2024. To meet user demand, our Xiaomi EV factory has ramped up continuously, with double-shift operations started in June 2024 and optimization and maintenance of the production line in July 2024. We expect to achieve the goal of delivering 100,000 vehicles of *Xiaomi SU7 Series* by November 2024, ahead of schedule, and we will strive to reach a new target of delivering 120,000 vehicles of *Xiaomi SU7 Series* for the entire year of 2024. At the same time, We continued to expand the new retail network for our smart EV, further enhancing our brand perception. As of June 30, 2024, our sales and service network comprised 87 sales centers across 30 cities in mainland China.

We are steadily approaching our new goal for 2020–2030, which is to invest sustainably in foundational core technologies and to become a global leader in the evolving realm of cutting-edge technologies. In the first half of 2024, our research and development (R&D) expenses were RMB10.7 billion, up 22.9% year-over-year. As of June 30, 2024, we had 18,290 research and development personnel, accounting for 48.7% of our employees. In addition, we continued to extend our intellectual property capabilities. As of June 30, 2024, we had obtained more than 40,000 patents worldwide. In July 2024, we officially launched the next-generation Xiaomi Smart Factory with an annual capacity of 10 million flagship smartphones. The factory is located in Changping District, Beijing, with a total investment of RMB2.4 billion. We achieved 100% automation of the key processes through our extensive self-developed manufacturing equipment. We also completed the construction of an industry-leading, full chain industrial big data infrastructure, accomplishing 100% digitalization of industrial production. The Xiaomi Smart Factory marks a monumental step forward in our global tech leadership journey powered by cutting-edge technologies.

We continued to embrace AI<sup>8</sup> in all aspects of our business to enhance product capabilities and improve user experience. In July 2024, we launched our Large Language Audio Model, which will be integrated into the *Xiaomi SU7 Series* for the first time, providing Outside Vehicle Wake-Up Defense<sup>9</sup> function. Additionally, we enhanced the multimodal recognition and understanding capabilities of our AI assistant (“小愛同學”), bringing users a host of

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<sup>7</sup> Wearable bands include basic bands, basic watches, and smart watches.

<sup>8</sup> Artificial Intelligence.

<sup>9</sup> This function activates when the vehicle is in parking mode with windows and doors closed. This function was officially launched on all models of the *Xiaomi SU7 Series* on September 1, 2024, and it requires an OTA update to version 1.2.8.

features including AI document analytics and AI video generation<sup>10</sup>. Moreover, we will roll out an upgrade of our large language model AI assistant (“小愛同學”) across various products, including smartphones, tablets, smart TVs and speakers<sup>11</sup>, delivering a smarter experience for our users.

We efficiently executed our operating strategy of “steadfastly forging ahead.” In the first half of 2024, our gross profit margin reached 21.4% at the Group level. Segment-wise, in the first half of 2024, the gross profit margin of our smartphone × AIoT segment reached 21.7%. The gross profit margin of our smart EV and other new initiatives segment reached 15.4%. Owing to our relentless efforts in cost saving and efficiency enhancements, in the first half of 2024, the Group’s overall operating expense ratio reached 15.1%, a decrease of 0.3 percentage points year-over-year, the operating expense ratio of our smartphone × AIoT segment reached 12.2%, a decrease of 0.9 percentage points year-over-year. In the first half of 2024, our adjusted net profit reached RMB12.7 billion, an increase of 51.3% year-over-year. Sufficient cash reserves serve as a crucial foundation for the sustained development of both our core and new businesses. As of June 30, 2024, our cash resources<sup>12</sup> reached RMB141.0 billion. We have also been actively repurchasing our shares in the open market. On June 6, 2024, we have obtained the approval from the Board for a repurchase program at a maximum amount of HKD10 billion. Since the beginning of this year<sup>13</sup>, we have repurchased about 248 million shares in the amount of about HKD3.68 billion.

## 2. Smartphone × AIoT

In the first half of 2024, our smartphone × AIoT segment revenue reached RMB158.0 billion, an increase of 24.6% year-over-year. The gross profit margin of our smartphone × AIoT segment was 21.7%.

### *Smartphones*

In the first half of 2024, our smartphone revenue reached RMB93.0 billion, an increase of 29.9% year-over-year. The gross profit margin of our smartphone business was 13.5%. Our global smartphone shipments reaching 82.8 million units, up 30.8% year-over-year. According to Canalys, in the first half of 2024, global smartphone shipments increased by 10.9% year-over-year. We maintained our No. 3 global smartphone shipment ranking with a 14.2% market share, representing an increase of 2.1 percentage points year-over-year. In the first half of 2024, our smartphone shipments market share in mainland China reached 14.1%, up 1.1 percentage points year-over-year.

<sup>10</sup> This feature is available on the *Xiaomi MIX Fold 4*, *Xiaomi MIX Flip* and *Redmi K70 Ultra*.

<sup>11</sup> The upgrades are available for smartphones, tablets and smart TVs at the end of July 2024, accessible by *Xiaomi 5* and later models, *Redmi 5* and later models, *Xiaomi Pad 5* and later models, and smart TV devices with over 1GB of memory. The upgrades will be available for speakers without screens by the end of August 2024 and with screens by the end of October 2024. For a detailed upgrade list, please refer to our AI assistant (“小愛同學”) section on the Xiaomi Community.

<sup>12</sup> Including (i) cash and cash equivalents, (ii) restricted cash, (iii) short-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 bank deposits, and (vii) treasury investments included in long-term investments measured at fair value through profit or loss.

<sup>13</sup> From January 1, 2024 to July 19, 2024.

## CHAIRMAN'S STATEMENT

We achieved significant growth in smartphone market share across the Latin America, Southeast Asia, Middle East and Africa. In the Middle East, our smartphone shipments ranking maintain No. 2, with market share significantly increased by 5.6 percentage points year-over-year to 21.1%. In Africa, Southeast Asia and Latin America, our smartphone shipments ranked No. 3, with our market share increasing by 3.8, 3.7 and 2.0 percentage points year-over-year, reaching 11.2%, 16.9% and 16.9%, respectively.

We continued to execute our dual-brand strategy. Under the Xiaomi brand, in July 2024, we unveiled the *Xiaomi MIX Fold 4* and our first compact foldable device, the *Xiaomi MIX Flip*. The *Xiaomi MIX Fold 4* features our proprietary hinge 2.0, achieving 34% reduction in hinge volume and a 16% reduction in hinge weight. Meanwhile, *Xiaomi MIX Fold 4* adopts "all-carbon architecture"<sup>14</sup>, which significantly enhances overall strength and durability and considerably reduces weight. The *Xiaomi MIX Fold 4* debuts an innovative stacking process. It is equipped with a Leica optical quad-camera system covering all focal lengths, the 5,100mAh Xiaomi Surge three-dimensional shaped battery and the Snapdragon 8 Gen 3 Mobile Platform, providing flagship performance with a lighter and thinner experience. Equipped with a 4.01-inch outer display, the *Xiaomi MIX Flip*, our first compact foldable smartphone, seamlessly supports over 200 of the most popular applications. The *Xiaomi MIX Flip*, powered by the Snapdragon 8 Gen 3 Mobile Platform, features a 4,780mAh Xiaomi Surge battery and a dual camera system with Leica optical lenses, blending stylish design with advanced technological features and delivering flagship performance.

Under the Redmi brand, in July 2024, we unveiled the *Redmi K70 Ultra Series*, powered by MediaTek Dimensity 9300+ chipset, a collaborative innovation from the Redmi × MediaTek Joint Laboratory, alongside the Rage Gaming D1 chip that works as a display processor. The dual-chip performance is reinforced by our Rage Engine 3.0, substantially upgrading the overall performance. In addition, the *Redmi K70 Ultra* incorporates our next-generation 3D "ice-sealed cooling system", ensuring enhanced performance stability across all features. The *Redmi K70 Ultra* also debuts our innovative Xiaomi Ceramic Glass for the first time, featuring an upgraded IP68 rating for water resistance up to 2 meters. It also features the Sony IMX906 main camera paired with Xiaomi AISP imaging algorithms, delivering a comprehensive breakthrough in user experience. Moreover, we partnered with Lamborghini SQUADRA CORSE again and unveiled the *Redmi K70 Ultra Champion Edition*. It enhanced the design from racing aesthetic while delivering exceptional performance with an impressive 24GB of RAM and 1TB of storage. In the first 3 hours of *Redmi K70 Ultra*'s initial sales, it reached a record high initial sales volume across all price ranges on major e-commerce platforms in 2024<sup>15</sup>.

### ***IoT and lifestyle products***

In the first half of 2024, revenue from our IoT and lifestyle products reached a record high of RMB47.1 billion, an increase of 20.6% year-over-year, and gross profit margin reached 19.8%, up 3.0 percentage points year-over-year.

<sup>14</sup> The hinge floating plate, display backing plate and middle plate battery compartment are all precision-molded from T800H carbon fiber material.

<sup>15</sup> According to data provided by Xiaomi's data center and third-party industry reports. All platforms include JD.com, Tmall, Douyin and Pinduoduo. Sales volume is based on sales data recorded as of 00:30 on July 20, 2024.

As of June 30, 2024, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 822.2 million, up 25.6% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 16.1 million, an increase of 24.2% year-over-year. In June 2024, the MAU of our Mi Home App grew to 96.9 million, an increase of 16.8% year-over-year. The MAU of our AI Assistant<sup>16</sup> (“小愛同學”) grew to 131.7 million, an increase of 12.4% year-over-year.

We consistently invested in innovation and R&D capabilities, continuously focusing on key technologies to deliver high-quality and health-oriented smart home appliances products. In the first half of 2024, our smart large home appliance revenue increased by 40.5% year-over-year. During the first half of 2024, our air conditioner shipments exceeded 4.0 million units, up over 45% year-over-year; our refrigerator shipments exceeded 1.1 million units, an increase of over 35% year-over-year; and our washing machine shipments exceeded 0.7 million units, up over 35% year-over-year. Additionally, we continued to enhance our service capabilities for smart large home appliances. Our Mijia Air Conditioner Service serves as a crucial part for enhancing our user experience by improving the efficiency of our delivery and installation services and expanding the coverage of our integrated delivery and installation services to more districts and counties.

We continually enhanced our tablet product mix to better serve diverse set of user needs. Our tablets continued to achieve rapid growth. According to Canalys, in the first half of 2024, our global tablet shipments ranked No. 5 globally. Our tablet shipments ranked No. 3 in mainland China.

We maintained our leading edge in wearables, further enriching user experiences across diverse scenarios. In July 2024, we launched the *Xiaomi Watch S4 Sport*, featuring a 1.43" AMOLED screen embedded in an integrated titanium body and empowered by Suunto's sophisticated algorithms. With eSIM support for independent communications, our *Xiaomi Watch S4 Sport* boosts overall performance in sports scenarios while offering users a smarter and more convenient experience. In July 2024, we also unveiled the *Xiaomi Smart Band 9*, equipped with a multicolored metal body and stylish wristbands, along with the *Xiaomi Buds 5*, designed for seamless wear experience, HiFi sound quality and a flagship experience. According to Canalys, in the first half of 2024, our wearable bands shipments ranked No. 2 globally and No. 2 in mainland China, and our TWS earbud shipments ranked No. 3 globally and No. 1 in mainland China.

### **Internet services**

In the first half of 2024, our internet services revenue reached RMB16.3 billion, hitting a record high with an increase of 12.7% year-over-year. The gross profit margin of our internet services reached 76.3%, an increase of 3.1 percentage points year-over-year.

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<sup>16</sup> Including smart EV.

## CHAIRMAN'S STATEMENT

Our internet user base continued to expand. Our MAU globally and in mainland China both hit record highs. In June 2024, our global MAU reached 675.8 million, an increase of 11.5% year-over-year, while our MAU in mainland China reached 164.4 million, up 10.1% year-over-year. In June 2024, the global MAU of our smart TV<sup>17</sup> reached 68.8 million, an increase of 10.0% year-over-year.

In the first half of 2024, our advertising revenue reached RMB11.5 billion, an increase of 20.6% year-over-year. In the first half of 2024, our gaming revenue reached RMB2.3 billion.

By actively solidifying partnerships with our strategic customers and broadening our collaborative ecosystem, our overseas internet services sustained a robust growth trajectory. In the first half of 2024, revenue from our overseas internet services increased by 35.8% year-over-year to RMB5.2 billion, accounting for 31.7% of our total internet services revenue, up 5.4 percentage points year-over-year.

### 3. Smart EV and Other New Initiatives

In March 2024, we officially launched our first smart EV, the *Xiaomi SU7 Series*, which garnered considerable market attention. In the first half of 2024, smart EV and other new initiatives segment revenue was RMB6.4 billion, which consisted of RMB6.2 billion from smart EV and RMB0.2 billion from other related business. In the first half of 2024, the gross profit margin of our smart EV and other new initiatives reached 15.4%.

In the first half of 2024, the deliveries of the *Xiaomi SU7 Series* reached 27,367 vehicles. Our Xiaomi EV factory has been continuously ramping up, with double-shift operations started in June 2024 and optimization and maintenance of the production line in July 2024. We expect to achieve the goal of delivering 100,000 vehicles of the *Xiaomi SU7 Series* by November 2024, ahead of schedule, and we will strive to reach a new target of delivering 120,000 vehicles of the *Xiaomi SU7 Series* for the entire year of 2024.

As of June 30, 2024, our sales and service network comprised 87 smart EV sales centers across 30 cities in mainland China.

In July 2024, we unveiled the *Xiaomi SU7 Ultra prototype*. The *Xiaomi SU7 Ultra prototype* features an all-carbon design<sup>18</sup>, meticulously crafted with track-focused exterior kits. It is powered by dual Xiaomi HyperEngine V8s and a Xiaomi HyperEngine V6s, creating a trimotor all-wheel drive system that generates a robust 1,548 horsepower. Equipped with high efficiency battery packs engineered for racing, the *Xiaomi SU7 Ultra prototype* features the global debut of the second-generation Kirin Battery, ensuring consistent high power output. Additionally, it boasts a racing-grade braking system that achieves a 100-0 km/h braking distance of 25 meters. In October 2024, we aim to test the *Xiaomi SU7 Ultra prototype* at the Nürburgring Nordschleife circuit.

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<sup>17</sup> Including *Xiaomi Box* and *Xiaomi TV Stick*.

<sup>18</sup> All exterior panels 100% made of carbon fiber and 24 components across the vehicle have been upgraded with carbon fiber.



We have been consistently enhancing the smart ecosystem for the *Xiaomi SU7 Series* through OTA upgrades. We continued to advance the intelligent experience of our users through our R&D advancements in areas such as autonomous driving, smart cabins and other related fields. As for autonomous driving, we started to roll out City Navigation on Autopilot Pioneer Version<sup>19</sup> (City NOA) in mainland China on August 30th, 2024, while consistently improving the comfort level and efficiency of our City NOA through ongoing OTA updates. For the smart cabin, the *Xiaomi SU7 Series* is equipped with Xiaomi Hyper OS, enabling seamless cross-device connectivity between the in-car system and smartphones, as well as connectivity with Xiaomi smart home devices. Additionally, the *Xiaomi SU7 Series* features our AI assistant (“小愛同學”), enhancing user experience through interactive voice commands in five different zones. Furthermore, the central console of the *Xiaomi SU7 Series* support multi-device extension, enabling a diverse smart ecosystem.

#### 4. Corporate social responsibility (CSR)

We actively fulfill our corporate social responsibility and are deeply committed to driving low-carbon development. In April 2024, we unveiled the Xiaomi Corporation 2023 Environmental, Social and Governance (ESG) Report which we have released for the sixth consecutive year. The report covers our diverse ESG-related endeavors, including the exploration and accessibility of technology, data security and privacy protection, sustainable supply chain, climate mitigation and adaptation, corporate governance, and business ethics, among others. Our greenhouse gas (GHG) reduction goals include: 1) By no later than 2030, to reduce GHG emissions from our main operating segments to 30% of the base year level. 2) By 2035, to use 100% renewable electricity in our own operations. 3) By 2040, to achieve carbon neutrality in our own operations of our existing businesses along with 100% renewable energy utilization by 2040<sup>20</sup>. In April 2024, we also released Xiaomi Corporation’s TCFD Report 2023, which systematically sets forth Xiaomi’s climate-related financial risks and opportunities. In May 2024, we appointed two female vice presidents, Ms. Xu Fei and Ms. Zhang Jianhui, further advancing the diversity of our management team. Our ESG endeavors have continued to receive recognition from global authorities. In the Carbon Disclosure Project (CDP) Score Report – Climate Change 2023, Xiaomi’s rating was upgraded to “B” in February 2024. On June 18, 2024, Xiaomi Corporation was honored with the Best ESG award by Institutional Investor, a renowned international financial magazine, for the third consecutive year. In recognition of our outstanding ESG performance, we were included in S&P Global’s Sustainability Yearbook (China Edition) 2024 on July 16, 2024. In August 2024, Xiaomi Corporation was listed on the Fortune Global 500 list for the sixth consecutive year.

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<sup>19</sup> This function is available to specific users currently.

<sup>20</sup> Our main operating segments and existing businesses refer to the smartphone x AIoT segment. The base year was 2021.

## CHAIRMAN'S STATEMENT

We actively implement extensive low-carbon initiatives during the manufacturing process of the *Xiaomi SU7 Series*, including photovoltaic power generation and water resource management, etc. Leveraging our robust in-house technological capabilities, such as proprietary eco-friendly materials, we have made substantial progress in carbon reduction. On July 9, 2024, at the Automotive Industry Low Carbon Action Plan Development Forum 2024 hosted by the China Automotive Technology and Research Center, the *Xiaomi SU7* was awarded "*the Best C-Class Electric Sedan of 2024 China Low Carbon Car Top Runner*".

**Lei Jun**

*Chairman*

Hong Kong

August 21, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## First Half of 2024 Compared to First Half of 2023

The following table sets forth the comparative figures for the first half of 2024 and 2023:

	Unaudited	
	Six months ended	
	June 30, 2024	June 30, 2023
	(RMB in millions)	
<b>Revenue</b>	<b>164,394.7</b>	126,832.0
Cost of sales	(129,170.8)	(101,079.4)
<b>Gross profit</b>	<b>35,223.9</b>	25,752.6
Research and development expenses	(10,657.1)	(8,668.2)
Selling and marketing expenses	(11,380.1)	(8,580.6)
Administrative expenses	(2,705.5)	(2,278.4)
Fair value changes on financial instruments measured at fair value through profit or loss	(2,076.0)	3,177.5
Share of net profits/(losses) of investments accounted for using the equity method	241.8	(59.0)
Other income	444.7	349.6
Other gains, net	480.1	247.2
<b>Operating profit</b>	<b>9,571.8</b>	9,940.7
Finance income, net	2,330.0	485.7
<b>Profit before income tax</b>	<b>11,901.8</b>	10,426.4
Income tax expenses	(2,658.9)	(2,544.7)
<b>Profit for the period</b>	<b>9,242.9</b>	7,881.7
<b>Non-IFRS Measure: Adjusted Net Profit</b>	<b>12,666.4</b>	8,373.5

## MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue

Since we officially launched our first smart EV on March 28, 2024, our segment reporting has been updated to (1) smartphone × AIoT segment and (2) smart EV and other new initiatives segment to reflect our “Human × Car × Home” strategy from the beginning of the second quarter of 2024.

Our smartphone × AIoT segment comprised our business of smartphones, IoT and lifestyle products, internet services and other related business. Our smart EV and other new initiatives segment comprised our business of smart EV and other related business.

Our Chief Operating Decision Maker (“CODM”) started to review information under this new reporting structure and the segment reporting has been updated to conform to this change as well as the way we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

Revenue increased by 29.6% to RMB164.4 billion in the first half of 2024 from RMB126.8 billion in the first half of 2023. The following table sets forth our revenue by segment in the first half of 2024 and the first half of 2023:

	Unaudited six months ended			
	June 30, 2024		June 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	157,999.8	96.1%	126,832.0	100.0%
Smart EV and other new initiatives	6,394.9	3.9%	—	—
Total revenue	164,394.7	100.0%	126,832.0	100.0%

## Smartphone × AIoT

Revenue from our smartphone × AIoT segment increased by 24.6% from RMB126.8 billion in the first half of 2023 to RMB158.0 billion in the first half of 2024. The following table sets forth our revenue by line of our smartphone × AIoT segment in the first half of 2024 and the first half of 2023:

	Unaudited six months ended			
	June 30, 2024		June 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
<b>Smartphone × AIoT</b>				
Smartphones	92,996.2	56.6%	71,580.2	56.4%
IoT and lifestyle products	47,133.8	28.7%	39,087.6	30.8%
Internet services	16,314.0	9.9%	14,472.2	11.4%
Other related business	1,555.8	0.9%	1,692.0	1.4%
<b>Total revenue of smartphone × AIoT segment</b>	<b>157,999.8</b>	<b>96.1%</b>	<b>126,832.0</b>	<b>100.0%</b>

### (i) Smartphones

Revenue from our smartphones increased by 29.9% from RMB71.6 billion in the first half of 2023 to RMB93.0 billion in the first half of 2024, primarily due to the increase in our smartphone shipments. Our smartphone shipments increased by 30.8% from 63.3 million units in the first half of 2023 to 82.8 million units in the first half of 2024, outperforming the 10.8% year-over-year increase in global smartphone shipments in the first half of 2024, according to Canalys. The average selling price (“ASP”) of our smartphones increased year-over-year in mainland China and the overseas markets respectively, however, due to the higher revenue contribution in the overseas market with lower ASP, our overall smartphone ASP decreased slightly by 0.7% from RMB1,131.1 per unit in the first half of 2023 to RMB1,123.7 per unit in the first half of 2024.

### (ii) IoT and lifestyle products

Revenue from our IoT and lifestyle products increased by 20.6% from RMB39.1 billion in the first half of 2023 to RMB47.1 billion in the first half of 2024, primarily attributable to the increase in revenue of smart large home appliances in mainland china, tablets and wearables in the global market.

## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from our smart large home appliances increased by 40.5% year-over-year, primarily attributable to the increased shipments of our air conditioners, refrigerators and washing machines in mainland China.

Revenue from our tablets increased by 69.0% year-over-year, primarily due to the increase in our global tablet shipments. According to Canalys, in the first half of 2024, our global tablet shipments ranked No. 5 globally. Our tablet shipments ranked No. 3 in mainland China.

Revenue from our wearables increased by 37.4% year-over-year, primarily due to the increased shipments of our smart watch and TWS earbuds.

Revenue from our smart TVs and laptops increased by 0.1% year-over-year.

### (iii) Internet services

Revenue from our internet services increased by 12.7% from RMB14.5 billion in the first half of 2023 to RMB16.3 billion in the first half of 2024, primarily due to the increase in revenue from our advertising business, partially offset by the decreased revenue from gaming business.

### (iv) Other related business

Revenue from our other related business decreased by 8.0% from RMB1.7 billion in the first half of 2023 to RMB1.6 billion in the first half of 2024, primarily due to the decrease in revenue from the sales of materials, partially offset by the increase in revenue from installation services provided for air conditioners.

## Smart EV and Other New Initiatives

Revenue from our smart EV and other new initiatives segment was RMB6.4 billion in the first half of 2024.

Revenue from our smart EV was RMB6.2 billion in the first half of 2024. In the first half of 2024, we have delivered 27,367 *Xiaomi SU7 Series* vehicles. The ASP of our smart EV was RMB228,815 per unit.

Revenue from our other related business was RMB0.2 billion in the first half of 2024.

## Cost of Sales

Our cost of sales increased by 27.8% from RMB101.1 billion in the first half of 2023 to RMB129.2 billion in the first half of 2024. The following table sets forth our cost of sales by segment in the first half of 2024 and the first half of 2023:

	Unaudited Six months ended			
	June 30, 2024		June 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphone × AIoT	123,759.0	75.3%	101,079.4	79.7%
Smart EV and other new initiatives	5,411.8	3.3%	—	—
<b>Total cost of sales</b>	<b>129,170.8</b>	<b>78.6%</b>	101,079.4	79.7%

## Smartphone × AIoT

Cost of sales related to our smartphone × AIoT segment increased by 22.4% from RMB101.1 billion in the first half of 2023 to RMB123.8 billion in the first half of 2024. The following table sets forth our cost of sales by line of our smartphone × AIoT segment in the first half of 2024 and the first half of 2023:

	Unaudited Six months ended			
	June 30, 2024		June 30, 2023	
	Amount	% of total revenue	Amount	% of total revenue
	(RMB in millions, unless specified)			
<b>Smartphone × AIoT</b>				
Smartphones	80,467.5	48.9%	62,772.2	49.5%
IoT and lifestyle products	37,802.8	23.0%	32,530.9	25.6%
Internet services	3,865.9	2.4%	3,874.6	3.1%
Other related business	1,622.8	1.0%	1,901.7	1.5%
<b>Total cost of sales of smartphone × AIoT segment</b>	<b>123,759.0</b>	<b>75.3%</b>	101,079.4	79.7%

## MANAGEMENT DISCUSSION AND ANALYSIS

### (i) Smartphones

Cost of sales related to our smartphones increased by 28.2% from RMB62.8 billion in the first half of 2023 to RMB80.5 billion in the first half of 2024, primarily due to the increased revenue of our smartphones.

### (ii) IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products increased by 16.2% from RMB32.5 billion in the first half of 2023 to RMB37.8 billion in the first half of 2024, primarily due to the increased sales of our IoT and lifestyle products.

### (iii) Internet services

Cost of sales related to our internet services remained stable at RMB3.9 billion in the first half of 2024 compared to the first half of 2023.

### (iv) Other related business

Cost of sales related to our other related business decreased by 14.7% from RMB1.9 billion in the first half of 2023 to RMB1.6 billion in the first half of 2024, primarily due to the decrease in cost from the sales of materials, partially offset by the increase in cost from installation services provided for air conditioners.

### Smart EV and Other New Initiatives

Cost of sales related to our smart EV and other new initiatives segment was RMB5.4 billion in the first half of 2024.

## Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 36.8% from RMB25.8 billion in the first half of 2023 to RMB35.2 billion in the first half of 2024. Our gross profit margin increased from 20.3% in the first half of 2023 to 21.4% in the first half of 2024.



The following table sets forth our gross profit and margin by segment in the first half of 2024 and the first half of 2023:

	Unaudited			
	Six months ended			
	June 30, 2024		June 30, 2023	
Gross profit	Gross margin%	Gross profit	Gross margin%	
	(RMB in millions, unless specified)			
Smartphone × AIoT	34,240.8	21.7%	25,752.6	20.3%
Smart EV and other new initiatives	983.1	15.4%	—	—
<b>Total gross profit and gross margin</b>	<b>35,223.9</b>	<b>21.4%</b>	25,752.6	20.3%

### Smartphone × AIoT

The gross profit margin from our smartphone × AIoT segment increased from 20.3% in the first half of 2023 to 21.7% in the first half of 2024. The following table sets forth our gross profit and margin by line of our smartphone × AIoT segment in the first half of 2024 and the first half of 2023:

	Unaudited			
	Six months ended			
	June 30, 2024		June 30, 2023	
Gross profit	Gross margin%	Gross profit	Gross margin%	
	(RMB in millions, unless specified)			
<b>Smartphone × AIoT</b>				
Smartphones	12,528.7	13.5%	8,808.0	12.3%
IoT and lifestyle products	9,331.0	19.8%	6,556.7	16.8%
Internet services	12,448.1	76.3%	10,597.6	73.2%
Other related business	(67.0)	(4.3%)	(209.7)	(12.4%)
<b>Total gross profit and margin of smartphone × AIoT segment</b>	<b>34,240.8</b>	<b>21.7%</b>	25,752.6	20.3%

## MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin from our smartphones increased from 12.3% in the first half of 2023 to 13.5% in the first half of 2024, mainly due to the improved product mix.

The gross profit margin from our IoT and lifestyle products increased from 16.8% in the first half of 2023 to 19.8% in the first half of 2024, mainly due to the improvement in gross profit margin of our wearables and smart large home appliances.

The gross profit margin from our internet services increased from 73.2% in the first half of 2023 to 76.3% in the first half of 2024, mainly due to higher revenue contribution and the increased gross profit margin of our advertising business.

### Smart EV and Other New Initiatives

The gross profit margin from our smart EV and other new initiatives segment was 15.4% in the first half of 2024.

## Operating Expenses

Our operating expenses comprised our research and development expenses, selling and marketing expenses and administrative expenses. Our operating expenses related to our smart EV and other new initiatives segment was RMB5.5 billion in the first half of 2024.

### Research and Development Expenses

Our research and development expenses increased by 22.9% from RMB8.7 billion in the first half of 2023 to RMB10.7 billion in the first half of 2024, primarily due to the increase in R&D expenses related to our smart EV and other new initiatives.

### Selling and Marketing Expenses

Our selling and marketing expenses increased by 32.6% from RMB8.6 billion in the first half of 2023 to RMB11.4 billion in the first half of 2024, primarily due to the increase of promotion and advertising expenses, overseas logistics expenses and compensation for selling and marketing personnel.

Promotion and advertising expenses increased by 38.8% year-over-year from RMB2.7 billion to RMB3.8 billion, primarily due to the increase in marketing expenses related to our smart EV and other new initiatives, more promotional events of our products and increased expenses of brand marketing in the overseas markets.

### Administrative Expenses

Our administrative expenses increased by 18.7% from RMB2.3 billion in the first half of 2023 to RMB2.7 billion in the first half of 2024, primarily due to the increase in credit loss allowance of receivables and administrative expenses related to our smart EV and other new initiatives.

### 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 changed from a gain of RMB3.2 billion in the first half of 2023 to a loss of RMB2.1 billion in the first half of 2024, primarily due to the fair value losses of both unlisted preferred shares investments and listed equity investments in the first half of 2024.

### Share of Net Profits/(Losses) of Investments Accounted for Using the Equity Method

Our share of net profits/(losses) of investments accounted for using the equity method changed from net losses of RMB59.0 million in the first half of 2023 to net profits of RMB241.8 million in the first half of 2024.

### Other Income

Our other income increased by 27.2% from RMB0.3 billion in the first half of 2023 to RMB0.4 billion in the first half of 2024, primarily due to the increase of government grants.

### Other Gain, Net

Our other net gains increased by 94.2% from RMB0.2 billion in the first half of 2023 to RMB0.5 billion in the first half of 2024, primarily due to the increase of deemed disposal gains of investments accounted for using the equity method.

### Finance Income , Net

Our net finance income increased by 379.8% from RMB0.5 billion in the first half of 2023 to RMB2.3 billion in the first half of 2024, primarily due to the change of value of financial liabilities payable to fund investors.

### Income Tax Expenses

Our income tax expenses increased by 4.5% from RMB2.5 billion in the first half of 2023 to RMB2.7 billion in the first half of 2024, primarily due to the increase of profit before income tax in the first half of 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit for the Period

As a result of the foregoing, we had a profit of RMB9.2 billion in the first half of 2024, compared with a profit of RMB7.9 billion in the first half of 2023.

### Adjusted Net Profit

Our adjusted net profit increased by 51.3% from RMB8.4 billion for the first half of 2023 to RMB12.7 billion for the first half of 2024.

### 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 period, 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 fund 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 first half of 2024 and 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Unaudited Six Months Ended June 30, 2024 Adjustments							Non-IFRS
	As reported	Share-based compensation <sup>(1)</sup>	Net fair value changes on investments <sup>(2)</sup>	Amortization of intangible assets resulting from acquisitions <sup>(3)</sup>	Changes of value of financial liabilities to fund investors <sup>(4)</sup>	Income tax effects <sup>(5)</sup>		
	(RMB in thousand, unless specified)							
Profit for the period	9,242,881	1,859,270	2,853,149	72,004	(1,045,001)	(315,948)	12,666,355	
Net margin	5.6%						7.7%	

	Unaudited Six Months Ended June 30, 2023 Adjustments							Non-IFRS
	As reported	Share-based compensation <sup>(1)</sup>	Net fair value changes on investments <sup>(2)</sup>	Amortization of intangible assets resulting from acquisitions <sup>(3)</sup>	Changes of value of financial liabilities to fund investors <sup>(4)</sup>	Income tax effects <sup>(5)</sup>		
	(RMB in thousand, unless specified)							
Profit for the period	7,881,662	1,571,506	(2,082,733)	72,004	537,720	393,378	8,373,537	
Net margin	6.2%						6.6%	

Notes:

- (1) Represents the expenses related to share-based payments granted to employees of the Group.
- (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 investee companies, the impairment provision for investments, re-measurement impact on loss of significant influence in an associate and re-measurement of 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 fund investors, as a result of the change of fair value of the fund.
- (5) Income tax effects of non-IFRS adjustments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Financial Resources

On December 4, 2020, the Company completed of 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 placees who and whose ultimate beneficial owner(s) are independent third parties and 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 Company’s announcements dated December 2, 2020, December 3, 2020 and December 9, 2020.

Other than the funds raised through our Global Offering in July 2018, the 2020 Placing and Subscription and through 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 RMB39.3 billion as at June 30, 2024.

### Gearing Ratio

As at June 30, 2024, our gearing ratio is -42.9%. 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 published on April 20, 2020, and April 23, 2020.

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 June 30, 2024, no 2027 Bonds had been converted into new Shares.

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 published on July 6, 2021, July 8, 2021, July 14, 2021, and July 15, 2021.

## Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended	
	June 30, 2024	June 30, 2023
	(in millions of RMB)	
Net cash generated from operating activities <sup>(1)</sup>	2,530.6	20,162.0
Net cash generated from/(used in) investing activities	2,709.1	(14,492.2)
Net cash generated from/(used in) financing activities <sup>(1)</sup>	455.3	(2,286.7)
Net increase in cash and cash equivalents	5,695.0	3,383.1
Cash and cash equivalents at the beginning of the period	33,631.3	27,607.3
Effects of exchange rate changes on cash and cash equivalents	9.5	468.6
Cash and cash equivalents at the end of the period	39,335.8	31,459.0

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; (3) the change of restricted cash resulting from the fintech business; and (4) the change of deposits from customers resulting from the Airstar Bank, the net cash generated from operating activities was RMB4.9 billion in the first half of 2024 and the net cash generated from operating activities was RMB19.5 billion in the first half of 2023, respectively. Excluding the change of borrowings for the finance factoring business, the net cash used in financing activities was RMB1.3 billion in the first half of 2024 and the net cash used in financing activities was RMB2.3 billion in the first half of 2023, respectively. 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 interim report.
- (2) The cash resources which the Group considered in cash management include but are not limited to cash and cash equivalents, restricted cash, short-term bank deposits, short-term investments measured at fair value through profit or loss, short-term investments measured at amortized cost, long-term bank deposits and treasury investments included in long-term investments measured at fair value through profit or loss. As at June 30, 2024, the aggregate amount of cash resources of the Group was RMB141.0 billion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Cash Generated from Operating Activities

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

In the first half of 2024, net cash generated from our operating activities amounted to RMB2.5 billion, representing cash generated from operations of RMB5.0 billion minus income tax paid of RMB2.5 billion. Cash generated from operations was primarily attributable to our profit before income tax of RMB11.9 billion, adjusted by an increase in inventories of RMB10.1 billion, an increase in trade receivables of RMB4.9 billion, an increase in prepayments and other receivables of RMB3.0 billion, partially offset by an increase in trade payables of RMB4.6 billion, provision for impairment of inventories of RMB2.9 billion, fair value losses on financial instruments measured at fair value through profit or loss of RMB2.1 billion and share-based compensation of RMB1.9 billion.

### Net Cash Generated from Investing Activities

For the first half of 2024, our net cash generated from investing activities was RMB2.7 billion, which was primarily attributed to the net decrease of short-term bank deposits of RMB21.1 billion, the interest income received of RMB1.9 billion, the net decrease of short-term investments measured at fair value through profit or loss of RMB1.6 billion and the net decrease of long-term investments measured at fair value through profit or loss of RMB1.0 billion, partially offset by the net increase of long-term bank deposits of RMB20.8 billion and purchase of property, plant and equipment of RMB2.2 billion.

### Net Cash Generated from Financing Activities

For the first half of 2024, our net cash generated from financing activities was RMB0.5 billion, which was primarily attributed to the net increase of borrowings of RMB4.7 billion and contribution from fund investors of RMB1.1 billion, partially offset by the payments for shares repurchase of RMB3.0 billion, the payments of deferred consideration for acquisition of intangible assets of RMB1.5 billion and the payments of lease liabilities of RMB0.7 billion.



## Borrowings

As at June 30, 2024, we had total borrowings of RMB30.0 billion.

## Capital Expenditures

	Unaudited	
	June 30, 2024	June 30, 2023
	Six months ended	
	(in millions of RMB)	
Capital expenditures		
Smartphone × AIoT	2,941.2	2,301.9
Smart EV and other new initiatives	825.4	1,420.2
Total	3,766.6	3,722.1

## Off-Balance Sheet Commitments and Arrangements

As of June 30, 2024, except for financial guarantee contracts, we had not entered into any significant off-balance sheet commitments or arrangements.

## Future Plans for Material Investments and Capital Assets

As at June 30, 2024, we did not have other plans for material investments and capital assets.

## Investment Held

As of June 30, 2024, we had invested in about 430 companies with an aggregate book value of RMB65.4 billion, a decrease of 3.4% year-over-year. In the first half of 2024, we recorded a net gain on disposal of investments (after tax) of RMB1.0 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 June 30, 2024 (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 RMB66.2 billion as at June 30, 2024.

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 at June 30, 2024) during the six months ended June 30, 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

In the first half of 2024, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### Employee and Remuneration Policy

As at June 30, 2024, we had 37,525 full-time employees, 35,406 of whom were based in mainland China, primarily at our headquarters in Beijing, with the rest primarily based in India. As at June 30, 2024, our research and development personnel, totaling 18,290 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 at June 30, 2024, 12,388 employees held share-based awards. The total remuneration expenses, including share-based compensation expenses, for the first half of 2024 were RMB10.5 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 People's Republic of China (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 June 30, 2024, our total restricted bank deposits amounted to RMB4.8 billion. We also had pledged certain construction in progress and land use right for borrowings.

### Contingent Liabilities

We did not have any material contingent liabilities as at June 30, 2024. Further details of the contingencies are set out in Note 32 to the interim financial information.

# OTHER INFORMATION

## 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 at June 30, 2024, 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 <sup>(1)</sup>	Relevant company	Number and class of securities	Approximate percentage of shareholding in the relevant class of Shares <sup>(2)</sup>
Lei Jun <sup>(3)</sup>	Beneficiary, founder and settlor of a trust(L)	ARK Trust (Hong Kong) Limited	4,086,659,226 Class A Shares	90.06%
			1,967,520,412 Class B Shares	9.60%
	Interest in controlled corporations(L)	Smart Mobile Holdings Limited	4,086,659,226 Class A Shares	90.06%
			1,816,053,740 Class B Shares	8.86%
	Interest in controlled corporations(L)	Smart Player Limited	59,221,630 Class B Shares	0.29%
	Interest in controlled corporations(L)	Team Guide Limited	92,245,042 Class B Shares	0.45%
Lin Bin <sup>(4)</sup>	Beneficial owner(L)		30,347,523 Class B Shares	0.15%
	Trustee of a trust(L)	Apex Star FT LLC	93,438,272 Class B Shares	0.46%
	Interest in controlled corporations(L)	Apex Star LLC	450,999,618 Class A Shares	9.94%
			1,704,448,197 Class B Shares	8.32%
	Interest in controlled corporations(L)	Bin Lin and Daisy Liu Family Foundation	50,686,600 Class B Shares	0.25%

## OTHER INFORMATION

Name of Director or chief executive	Nature of interest <sup>(1)</sup>	Relevant company	Number and class of securities	Approximate percentage of shareholding in the relevant class of Shares <sup>(2)</sup>
Liu Qin <sup>(5)</sup>	Interest in controlled corporations(L)	Morningside China TMT Fund I, L.P.	7	0.00%
	Founder of Trust(L)		Class B Shares 184,466,366 Class B Shares	0.90%
Liu De <sup>(6)</sup>	Beneficial owner(L)	Lofty Power International Limited	10,000,000	0.05%
	Founder of a trust(L)		Class B Shares 135,871,935 Class B Shares	0.66%
Chen Dongsheng <sup>(7)</sup>	Interest in controlled corporations(L)	Taikang Asset Management (Hong Kong) Company Limited	2,443,200 Class B Shares	0.01%

## Notes:

- The letter "L" denotes a long position in the shares.
- The calculation is based on the total number of relevant class of Shares in issue as at June 30, 2024.
- 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 4,086,659,226 Class A Shares and the 1,816,053,740 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 92,245,042 Class B Shares held by Team Guide Limited under the SFO.
- 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 Bin Lin. Accordingly, Lin Bin is deemed to be interested in 1,704,448,197 Class B Shares and 450,999,618 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 YYL Trust (formerly known as YYL Family Trust). Accordingly, Liu De, as the settlor and protector of YYL Trust, is deemed to be interested in 135,871,935 Class B Shares held by Lofty Power International Limited under the SFO.
- 7 Taikang Asset Management (Hong Kong) Company Limited is wholly-owned by Taikang Asset Management Company Limited. Taikang Asset Management Company Limited is controlled by Chen Dongsheng. Accordingly, Chen Dongsheng is deemed to be interested in 2,443,200 Class B Shares held by Taikang Asset Management (Hong Kong) Company Limited under the SFO.

## 2. Interest in associated corporations

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

Notes:

- (1) The calculation is based on the total number of shares of the associated corporations in issue as at June 30, 2024.
- (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. The entire interest in Parkway Global Holdings Limited is held through a trust which was established by Lei Jun (as the settlor) for the benefit of Lei Jun and his family. Accordingly, Lei Jun is deemed to be interested in the 4,086,659,226 Class A Shares and 1,816,053,740 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.

## OTHER INFORMATION

Save as disclosed above, as at June 30, 2024, 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.

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

As at June 30, 2024, 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	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>
<b>Class A Shares</b>			
Smart Mobile Holdings Limited <sup>(2)</sup>	Beneficial interest	4,086,659,226	90.06%
Sunrise Vision Holdings Limited <sup>(2)</sup>	Interest in controlled corporations	4,086,659,226	90.06%
Parkway Global Holdings Limited <sup>(2)</sup>	Interest in controlled corporations	4,086,659,226	90.06%
ARK Trust (Hong Kong) Limited <sup>(2)</sup>	Trustee	4,086,659,226	90.06%
<b>Class B Shares</b>			
Smart Mobile Holdings Limited <sup>(2)</sup>	Beneficial interest	1,816,053,740	8.86%
Sunrise Vision Holdings Limited <sup>(2)</sup>	Interest in controlled corporations	1,875,275,370	9.15%
Parkway Global Holdings Limited <sup>(2)</sup>	Interest in controlled corporations	1,875,275,370	9.15%
ARK Trust (Hong Kong) Limited <sup>(2)</sup>	Trustee	2,166,415,891	10.58%

Notes:

- (1) The calculation is based on the total number of relevant class of Shares in issue as at June 30, 2024.
- (2) 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 4,086,659,226 Class A Shares and the 1,816,053,740 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 92,245,042 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 198,895,479 Class B shares held by the trusts.

Save as disclosed above, as at June 30, 2024, 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.

## 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 187,654,266 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.

During the Reporting Period, no share awards were granted to eligible participants under the 2024 Xiaomi HK Share Scheme. It follows that no new Xiaomi HK Shares may be issued in respect of any options and awards granted during the Reporting Period to eligible participants pursuant to the 2024 Xiaomi HK Share Scheme.

## OTHER INFORMATION

## 1. Pre-IPO ESOP

The Pre-IPO ESOP was adopted by the Company on May 5, 2011 and superseded on August 24, 2012. 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.

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

Grantees by category	Date of grant	Vesting period <sup>(1)</sup>	Exercise Price (US\$)	Number of share options and RSUs				Outstanding as of June 30, 2024	Weighted average closing price of the Share immediately before the date of exercise during the period
				Outstanding as of January 1, 2024	Exercised during the period	Cancelled during the period	Lapsed during the period		
Employee participants:									
	4/1/2010 to 6/14/2018	1-10 years	0-0.344	239,334,344	(16,442,700)	–	(488,320)	222,403,324	16.37
Service Providers:									
	1/1/2012 to 4/1/2018	4-5 years	0-0.344	1,120,070	–	–	–	1,120,070	N/A
<b>Total:</b>				<b>240,454,414</b>	<b>(16,442,700)</b>	<b>–</b>	<b>(488,320)</b>	<b>223,523,394</b>	

(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 interim financial information.



## 2. 2018 Share Option Scheme

The 2018 Share Option Scheme was 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.

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 of June 30, 2024	Exercise Price (HK\$)	Fair value of options at the date of grant during the period and the accounting standard and policy adopted	Weighted average closing price of the Shares during the period immediately before the date of exercise during the period
				Outstanding as of January 1, 2024	Granted during the period	Cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding as of June 30, 2024				
Employee participants:													
	7/2/2020	4 years	7/2/2021 to 7/1/2030	3,000,000	–	–	–	–	3,000,000	13.60	N/A	N/A	
	9/4/2020	4–10 years	9/4/2021 to 9/3/2030	105,200,000	–	–	–	–	105,200,000	24.50	N/A	N/A	
	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	
<b>Total:</b>				<b>120,700,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>120,700,000</b>				

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

## OTHER INFORMATION

## 3. 2018 Share Award Scheme

The Company adopted the 2018 Share Award Scheme 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.

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 of June 30, 2024	Closing price of Shares immediately before the grant during the period	Fair value of Award Shares at the date of grant during the period and the accounting standard and policy adopted	Weighted average closing price of the Share immediately before the date of vesting during the period
				Unvested Award Shares as at January 1, 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Unvested Award Shares as of June 30, 2024				
Employee Participants:													
	4/1/2019	4-10 years	Nil	5,255,724	–	(907,620) <sup>(1)</sup>	–	–	4,348,104	N/A	N/A	14.94	
	11/28/2019	4 years	Nil	16,232	–	(16,232)	–	–	–	N/A	N/A	14.94	
	1/6/2020	4 years	Nil	7,195,029	–	(7,152,983) <sup>(1)</sup>	–	(42,046)	–	N/A	N/A	14.94	
	4/1/2020	1-4 years	Nil	2,901,454	–	(2,815,860) <sup>(1)</sup>	–	(85,594)	–	N/A	N/A	14.94	
	7/2/2020	4-5 years	Nil	3,821,270	–	(280,733) <sup>(1)</sup>	–	(70,450)	3,470,087	N/A	N/A	14.94	
	9/4/2020	4-10 years	Nil	8,500,000	–	–	–	(1,000,000)	7,500,000	N/A	N/A	N/A	
	10/10/2020	4-5 years	Nil	953,508	–	(20,292)	–	(89,968)	843,248	N/A	N/A	14.94	
	1/6/2021	4 years	Nil	4,677,683	–	(2,191,595) <sup>(1)</sup>	–	(152,323)	2,333,765	N/A	N/A	14.94	
	7/2/2021	1-4 years	Nil	23,698,571	–	(2,145,647) <sup>(1)</sup>	–	(1,072,136)	20,480,788	N/A	N/A	15.20	
	7/5/2021	4-10 years	Nil	83,174,396	–	(23,951,752) <sup>(1)</sup>	–	(3,710,748)	55,511,896	N/A	N/A	14.94	
	11/24/2021	1-10 years	Nil	20,789,899	–	(92,315)	–	(1,109,098)	19,588,486	N/A	N/A	14.94	
	3/23/2022	1-10 years	Nil	110,757,068	–	(26,667,099) <sup>(1)</sup>	–	(2,936,766)	81,153,203	N/A	N/A	14.84	
	5/20/2022	1-5 years	Nil	30,575,273	–	(9,703,297) <sup>(1)</sup>	–	(1,402,701)	19,469,275	N/A	N/A	19.14	
	8/21/2022	4 years	Nil	57,244,805	–	(1,204,195)	–	(2,291,485)	53,749,125	N/A	N/A	17.32	
	11/24/2022	4-5 years	Nil	28,726,506	–	(459,721)	–	(1,178,202)	27,088,583	N/A	N/A	15.55	

Grantees by category	Date of grant	Vesting Period	Purchase price	Number of Award Shares						Unvested Award Shares as of June 30, 2024	Closing price of Shares immediately before the grant during the period	Fair value of Award Shares at the date of grant period and the accounting standard and policy adopted	Weighted average closing price of the Share immediately before the date of vesting during the period
				Unvested Award Shares as at January 1, 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Unvested Award Shares as of June 30, 2024				
	3/27/2023	1-10 years	Nil	174,313,893	—	(37,021,727) <sup>(1)</sup>	—	(4,802,442)	132,489,724	N/A	N/A	15.25	
	5/25/2023	2-4 years	Nil	44,653,485	—	(10,713,528)	—	(1,687,757)	32,252,200	N/A	N/A	18.29	
<b>Category subtotal:</b>				607,254,796	—	(125,344,596)	—	(21,631,716)	460,278,484				
<b>Service Providers:</b>													
	1/6/2020	4 years	Nil	5,516	—	(5,516)	—	—	—	N/A	N/A	14.94	
	4/1/2020	1-4 years	Nil	2,355	—	(2,355)	—	—	—	N/A	N/A	14.94	
	7/2/2020	4 years	Nil	1,041	—	(1,041)	—	—	—	N/A	N/A	14.94	
	10/10/2020	4 years	Nil	20,671	—	(1,607)	—	—	19,064	N/A	N/A	14.94	
	1/6/2021	4 years	Nil	19,321	—	(9,652)	—	(915)	8,754	N/A	N/A	14.94	
	7/2/2021	4 years	Nil	142,887	—	(24,482)	—	(4,926)	113,479	N/A	N/A	14.94	
	11/24/2021	4 years	Nil	50,812	—	—	—	(5,074)	45,738	N/A	N/A	N/A	
	3/23/2022	4 years	Nil	491,491	—	(162,904)	—	(2,953)	325,634	N/A	N/A	14.82	
	5/20/2022	4 years	Nil	352,181	—	(111,703)	—	(3,713)	236,765	N/A	N/A	16.62	
	8/21/2022	4 years	Nil	171,661	—	(6,243)	—	(13,636)	151,782	N/A	N/A	19.94	
	11/24/2022	4 years	Nil	26,818	—	—	—	—	26,818	N/A	N/A	N/A	
	3/27/2023	4 years	Nil	602,620	—	(149,778)	—	(5,707)	447,135	N/A	N/A	15.22	
	5/25/2023	4 years	Nil	228,255	—	(55,892)	—	(4,679)	167,684	N/A	N/A	18.30	
<b>Category subtotal:</b>				2,115,629	—	(531,173)	—	(41,603)	1,542,853				
<b>Total:</b>				609,370,425	—	(125,875,769)	—	(21,673,319)	461,821,337				

## OTHER INFORMATION

(1): Among the total number of Awards Shares vested as stated, 12,546,858 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 outstanding award shares granted under the 2018 Share Award Scheme (to be satisfied by existing Shares) are as follows:

Grantees by category	Date of grant	Vesting Period	Purchase price	Unvested Award Shares as of January 1, 2024	Number of Award Shares				Unvested Award Shares as of June 30, 2024	Closing price of Shares immediately before the grant during the period	Fair value of Award Shares at the date of grant during the period and the accounting standard and policy adopted	Weighted average closing price of the Share immediately before the date of vesting during the period
					Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period				
Grantees in aggregate:												
	1/6/2021	4 years	Nil	8,938	–	(4,468)	–	–	4,470	N/A	N/A	14.94
	11/24/2021	4 years	Nil	5,746	–	–	–	–	5,746	N/A	N/A	N/A
	3/23/2022	4–10 years	Nil	1,507,964	–	(2,654)	–	–	1,505,310	N/A	N/A	14.80
	5/20/2022	3–4 years	Nil	695,859	–	(330,000)	–	–	365,859	N/A	N/A	19.94
	8/21/2022	4 years	Nil	82,826	–	(22,657)	–	–	60,169	N/A	N/A	19.94
	11/24/2022	4 years	Nil	373,260	–	–	–	–	373,260	N/A	N/A	N/A
	3/27/2023	4–5 years	Nil	2,150,692	–	(462,085)	–	(588)	1,688,019	N/A	N/A	15.30
<b>Total:</b>				<b>4,825,285</b>	<b>–</b>	<b>(821,864)</b>	<b>–</b>	<b>(588)</b>	<b>4,002,833</b>			

Further details of the 2018 Share Award Scheme are set out in Note 28 to the interim financial information.

#### 4. 2023 Share Scheme

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

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 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, 2024, 2,358,377,326 Shares were available for grant (including 124,851,426 Shares available for grant to service providers) under the 2023 Share Scheme. During the Reporting Period, 187,654,266 award Shares were granted to eligible participants (including 565,373 award Shares granted to service providers) pursuant to the 2023 Share Scheme, respectively and 9,755,477 award Shares were forfeited (including 24,464 award Shares forfeited from service providers) pursuant to the 2023 Share Scheme. It follows that, as of June 30, 2024, 2,180,478,537 Shares and 124,310,517 Shares were available for grant under the 2023 Share Scheme Mandate Limit and the 2023 Share Scheme Service Provider Sublimit, respectively.

## OTHER INFORMATION

Grantees by category	Date of grant	Vesting Period	Purchase price	Number of Award Shares						Unvested Award Shares as of June 30, 2024	Closing price of Shares immediately before the grant during the period	Fair value of Award Shares at the date of grant during the period and the accounting standard and policy adopted <sup>(1)</sup>	Weighted average closing price of the Share immediately before the date of vesting during the period
				Unvested Award Shares as at January 1, 2024	Granted during the period <sup>(2)</sup>	Vested during the period	Cancelled during the period	Lapsed during the period	Unvested Award Shares as of June 30, 2024				
<b>Employee Participants:</b>													
	8/30/2023	2-10 years	Nil	98,826,919	–	(1,239,367)	–	(3,801,786)	93,785,766	N/A	N/A	13.49	
	11/21/2023	2-10 years	Nil	46,408,768	–	(1,324,484)	–	(1,934,535)	43,149,749	N/A	N/A	13.05	
	3/20/2024	1-10 years	Nil	–	153,178,665	(211,908)	–	(3,556,567)	149,410,190	14.86	14.50	14.32	
	5/24/2024	1-10 years	Nil	–	33,910,228	(49,623)	–	(438,125)	33,422,480	18.94	18.30	18.15	
<b>Category subtotal:</b>				145,235,687	187,088,893	(2,825,382)	–	(9,731,013)	319,768,185				
<b>Service Providers:</b>													
	8/30/2023	4 years	Nil	332,152	–	–	–	(19,203)	312,949	N/A	N/A	N/A	
	11/21/2023	4 years	Nil	14,400	–	–	–	–	14,400	N/A	N/A	N/A	
	3/20/2024	4 years	Nil	–	376,232	–	–	(5,261)	370,971	14.86	14.50	N/A	
	5/24/2024	4 years	Nil	–	189,141	–	–	–	189,141	18.94	18.30	N/A	
<b>Category subtotal:</b>				346,552	565,373	–	–	(24,464)	887,461				
<b>Total:</b>				145,582,239	187,654,266	(2,825,382)	–	(9,755,477)	320,655,646				

(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 interim financial information.

## 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. 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.

The total number of Xiaomi HK Shares that 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, no share awards were granted to eligible participants under the 2024 Xiaomi HK Share Scheme. It follows that, as of June 30, 2024, 1,000,000,000 Xiaomi HK Shares and 50,000,000 Xiaomi HK Shares were available for grant under the XMHK Share Scheme Limit and the XMHK Service Provider Sublimit, respectively.

## 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.

## OTHER INFORMATION

As of June 30, 2024, the WVR Beneficiaries were Lei Jun and Lin Bin. Lei Jun beneficially owns 4,086,659,226 Class A Shares, representing approximately 62.1% 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 450,999,618 Class A Shares, representing 6.9% 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 June 30, 2024, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 4,537,658,844 Class B Shares, representing 22.2% of the total number of issued and outstanding Class B Shares (excluding any treasury Shares) or 18.2% 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.

### Compliance with the Corporate Governance Code

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.

Save for code provision C.2.1 of the CG Code, the Company had complied with the applicable code provisions set out in the CG Code during the Reporting Period.



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 Mr. 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 chairman of the Board and chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

### 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 the Directors confirmed that they have complied with the provisions of the Model Code throughout the Reporting Period.

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

During the Reporting Period and up to the Latest Practicable Date, the Company repurchased a total of 249,248,200 Class B Shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$3,708,195,875 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 Consideration (approximately) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	112,100,000	15.54	12.30	1,533,095,902
February	26,000,000	12.78	12.08	324,555,828
March	6,834,400	15.00	14.76	101,929,132
April	18,200,000	15.98	15.42	285,886,401
May	5,600,000	17.74	17.40	98,785,548
June	39,313,800	18.00	16.44	676,465,084
July	39,500,000	17.00	16.08	656,098,520
September	1,700,000	18.50	18.42	31,379,460
<b>Total</b>	<b>249,248,200</b>			<b>3,708,195,875</b>

## OTHER INFORMATION

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.

As at the Latest Practicable Date, the number of Class B Shares in issue (excluding treasury Shares) was reduced by 247,548,200 Shares as a result of (i) the repurchase of 138,100,000 Class B Shares from January 2024 to February 2024, which were subsequently cancelled on March 14, 2024; (ii) the repurchase of 39,034,400 Class B Shares from March 27, 2024 to June 5, 2024, which were subsequently cancelled on August 15, 2024 and (iii) the repurchase of 70,413,800 Class B Shares from June 11, 2024 to July 19, 2024, which were held as treasury Shares<sup>(Note)</sup> and were subsequently cancelled on August 15, 2024. All of the Class B Shares repurchased in September 2024 are in the process of being cancelled.

A total of 29,373,916 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 14, 2024, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 26,454,431 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 2,919,485 Class A Shares.

A total of 19,841,058 Class A Shares were converted into Class B Shares on a one-to-one ratio on August 15, 2024, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 17,869,048 Class A Shares and Mr. Lin Bin, through Apex Star LLC, converted 1,972,010 Class A Shares.

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 six months ended June 30, 2024 and up to the Latest Practicable Date.

Note: As at 30 June 2024, the Company held 30,913,800 treasury Shares. As at the Latest Practicable Date, there were no treasury Shares held by the Company.

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

Mr. Liu De, an executive Director, has resigned as a director of Ninebot Limited (Shanghai Stock Exchange Stock Code: 689009) and Zepp Health Corporation (NYSE ticker: ZEPP) in April 2024 and September 2024, respectively.

### Interim Dividend

The Board has resolved not to declare an interim dividend for the Reporting Period.

## 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 interim report and the unaudited interim results of the Group for the three and six months ended June 30, 2024. 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 external auditor of the Company, PricewaterhouseCoopers.

## Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee and a corporate governance committee.

## 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. As at the Latest Practicable Date, 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.

## OTHER INFORMATION

The following is a summary of work performed by the Corporate Governance Committee during the Reporting Period:

- 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 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 and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.
- 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 arrangements 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 and disclosure in Environmental, Social and Governance Report.
- Reviewed work performance and work plan of ESG team and the Company's ESG Strategy 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 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 the 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.

### Restriction on Foreign Investment Access

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.

## OTHER INFORMATION

Because foreign investment in certain areas of the industry in which we currently and may operate are subject to restrictions under current PRC laws and regulations outlined above, after consultation with our PRC Legal Advisor, we determined that it was not viable for the Company to control our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would gain effective control over, and have the right to receive all the economic benefits generated by the businesses currently operated by Consolidated Affiliated Entities through the Contractual Arrangements between the WFOEs, on the one hand, and the Consolidated Affiliated Entities and the Registered Shareholders, on the other hand. The Contractual Arrangements allow the financial results of our Consolidated Affiliated Entities to be consolidated into our results of the Group's financial information as if they were subsidiaries of the Group.

Further details of the Contractual Arrangements are set out in the Prospectus and the Company's 2023 annual report published on April 25, 2024.

### Material Litigation

As at June 30, 2024, the Company was not involved in any material litigation or arbitration, nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

### Events after the Report Period

Save as disclosed in this interim report, there were no other significant events that might affect the Group after June 30, 2024 and up to the Latest Practicable Date.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Xiaomi Corporation  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 54 to 117, which comprises the interim condensed consolidated balance sheet of Xiaomi Corporation (the “**Company**”) and its subsidiaries (together, the “**Group**”) as of June 30, 2024 and the interim condensed consolidated income statements and the interim condensed consolidated statements of comprehensive income for the three-month and six-month periods then ended, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, August 21, 2024

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# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

For the three months and six months ended June 30, 2024

(Expressed in Renminbi ("RMB"))

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	7	88,887,828	67,354,908	164,394,650	126,832,042
Cost of sales	7, 10	(70,493,651)	(53,193,892)	(129,170,756)	(101,079,459)
<b>Gross profit</b>		<b>18,394,177</b>	14,161,016	<b>35,223,894</b>	25,752,583
Research and development expenses	10	(5,497,729)	(4,554,803)	(10,657,116)	(8,668,163)
Selling and marketing expenses	10	(5,899,052)	(4,476,758)	(11,380,099)	(8,580,622)
Administrative expenses	10	(1,182,524)	(1,143,190)	(2,705,531)	(2,278,363)
Fair value changes on financial instruments measured at fair value through profit or loss	17	(849,410)	(275,784)	(2,075,902)	3,177,475
Share of net profits/(losses) of investments accounted for using the equity method	12	86,385	74,046	241,776	(59,035)
Other income	8	287,246	184,776	444,653	349,610
Other gains, net	9	549,628	71,223	480,084	247,250
<b>Operating profit</b>		<b>5,888,721</b>	4,040,526	<b>9,571,759</b>	9,940,735
Finance income	11	876,875	851,273	1,896,310	1,529,423
Finance costs	11	(86,211)	63,882	433,694	(1,043,764)
<b>Profit before income tax</b>		<b>6,679,385</b>	4,955,681	<b>11,901,763</b>	10,426,394
Income tax expenses	13	(1,609,716)	(1,290,157)	(2,658,882)	(2,544,732)
<b>Profit for the period</b>		<b>5,069,669</b>	3,665,524	<b>9,242,881</b>	7,881,662
<b>Attributable to:</b>					
— Owners of the Company		5,098,002	3,669,975	9,280,063	7,873,814
— Non-controlling interests		(28,333)	(4,451)	(37,182)	7,848
		<b>5,069,669</b>	3,665,524	<b>9,242,881</b>	7,881,662
<b>Earnings per share (expressed in RMB per share):</b>	14				
Basic		0.21	0.15	0.37	0.32
Diluted		0.20	0.15	0.36	0.31

The above interim condensed consolidated income statements should be read in conjunction with the accompanying notes.



# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and six months ended June 30, 2024

(Expressed in RMB)

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
<b>Profit for the period</b>		<b>5,069,669</b>	3,665,524	<b>9,242,881</b>	7,881,662
<b>Other comprehensive income:</b>					
<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	12	<b>757</b>	(4,330)	<b>(12,508)</b>	(27,903)
Transfer of share of other comprehensive loss/(income) to profit or loss upon disposal and deemed disposal of investments accounted for using the equity method		<b>2,876</b>	(471)	<b>2,876</b>	(464)
Net losses from changes in fair value of financial assets at fair value through other comprehensive income		<b>(11,434)</b>	(8,634)	<b>(16,362)</b>	(15,833)
Currency translation differences		<b>108,937</b>	586,382	<b>142,177</b>	567,037
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Currency translation differences		<b>179,477</b>	2,157,698	<b>253,666</b>	1,590,208
<b>Other comprehensive income for the period, net of tax</b>		<b>280,613</b>	2,730,645	<b>369,849</b>	2,113,045
<b>Total comprehensive income for the period</b>		<b>5,350,282</b>	6,396,169	<b>9,612,730</b>	9,994,707
<b>Attributable to:</b>					
— Owners of the Company		<b>5,383,867</b>	6,390,417	<b>9,655,013</b>	9,980,329
— Non-controlling interests		<b>(33,585)</b>	5,752	<b>(42,283)</b>	14,378
		<b>5,350,282</b>	6,396,169	<b>9,612,730</b>	9,994,707

The above interim condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2024

(Expressed in RMB)

	Note	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	15,779,911	13,720,825
Intangible assets	16	7,719,250	8,628,739
Investments accounted for using the equity method	12	6,666,577	6,922,241
Long-term investments measured at fair value through profit or loss	17	58,699,067	60,199,798
Deferred income tax assets	27	2,160,968	2,160,750
Long-term bank deposits		32,988,833	18,293,650
Long-term investments measured at amortized cost	17	365,749	364,476
Other non-current assets	24	14,814,712	14,904,260
		<b>139,195,067</b>	125,194,739
<b>Current assets</b>			
Inventories	21	51,524,154	44,422,837
Trade and notes receivables	19	13,648,816	12,150,928
Loan receivables	18	10,986,878	9,772,589
Prepayments and other receivables	20	24,114,891	20,078,875
Bills receivables measured at fair value through other comprehensive income		62,812	125,661
Short-term investments measured at fair value through other comprehensive income	17	1,058,207	582,131
Short-term investments measured at amortized cost	17	1,011,263	502,816
Short-term investments measured at fair value through profit or loss	17	18,561,997	20,193,662
Short-term bank deposits		37,863,112	52,797,857
Restricted cash	22(b)	4,812,210	4,794,031
Cash and cash equivalents	22(a)	39,335,820	33,631,313
		<b>202,980,160</b>	199,052,700
<b>Total assets</b>		<b>342,175,227</b>	324,247,439

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2024

(Expressed in RMB)

	Note	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	25	407	407
Reserves	25	172,571,340	163,995,082
		<b>172,571,747</b>	163,995,489
<b>Non-controlling interests</b>		<b>624,075</b>	266,279
<b>Total equity</b>		<b>173,195,822</b>	164,261,768
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	26	21,037,527	21,673,969
Deferred income tax liabilities	27	1,130,255	1,494,287
Warranty provision		1,224,720	1,215,546
Other non-current liabilities	29	19,584,484	20,014,273
		<b>42,976,986</b>	44,398,075
<b>Current liabilities</b>			
Trade payables	30	66,772,473	62,098,500
Other payables and accruals	31	27,373,634	25,614,650
Advance from customers		13,506,871	13,614,756
Borrowings	26	8,943,685	6,183,376
Income tax liabilities		2,500,246	1,838,222
Warranty provision		6,905,510	6,238,092
		<b>126,002,419</b>	115,587,596
<b>Total liabilities</b>		<b>168,979,405</b>	159,985,671
<b>Total equity and liabilities</b>		<b>342,175,227</b>	324,247,439

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

On behalf of the Board

Lei Jun  
Director

Lin Bin  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

(Expressed in RMB)

Note	Unaudited 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 RMB'000	Retained earnings RMB'000				
<b>Balance at January 1, 2024</b>	407	(438,291)	60,778,287	15,483,618	88,171,468	163,995,489	266,279	164,261,768	
<b>Comprehensive income</b>									
Profit for the period	—	—	—	—	9,280,063	9,280,063	(37,182)	9,242,881	
<b>Other comprehensive income</b>									
<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	12	—	—	(12,508)	—	(12,508)	—	(12,508)	
Transfer of share of other comprehensive loss to profit or loss upon deemed disposal of investments accounted for using the equity method		—	—	2,876	—	2,876	—	2,876	
Net losses from changes in fair value of financial assets at fair value through other comprehensive income		—	—	(16,362)	—	(16,362)	—	(16,362)	
Currency translation differences <i>Item that will not be reclassified subsequently to profit or loss</i>		—	—	147,278	—	147,278	(5,101)	142,177	
Currency translation differences		—	—	253,666	—	253,666	—	253,666	
<b>Total comprehensive income</b>		—	—	374,950	9,280,063	9,655,013	(42,283)	9,612,730	
<b>Transactions with owners in their capacity as owners</b>									
Purchase of own shares	25	—	(2,903,979)	—	—	(2,903,979)	—	(2,903,979)	
Cancellation of shares	25	(3)	2,004,356	(2,004,353)	—	—	—	—	
Release of ordinary shares from Share Scheme Trusts	25	3	186,090	1,709,409	(1,888,979)	—	6,523	6,523	
Share of other reserves of investments accounted for using the equity method	12	—	—	16,092	—	16,092	—	16,092	
Transfer of share of other reserves to profit or loss upon deemed disposal of investments accounted for using the equity method		—	—	(31,581)	—	(31,581)	—	(31,581)	
Employees share-based compensation scheme:									
— value of employee services	28	—	—	1,799,516	—	1,799,516	—	1,799,516	
— exercise of share options	25, 28	—	—	188,223	(153,549)	34,674	—	34,674	
Capital injection from non-controlling interests		—	—	—	—	—	400,079	400,079	
Appropriation to general reserves		—	—	(14,411)	14,411	—	—	—	
<b>Total transactions with owners in their capacity as owners</b>		—	(713,533)	(106,721)	(272,912)	14,411	400,079	(678,676)	
<b>Balance at June 30, 2024</b>		407	(1,151,824)	60,671,566	15,585,656	97,465,942	172,571,747	624,075	173,195,822

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

(Expressed in RMB)

Note	Unaudited 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 RMB'000	Retained earnings RMB'000				
	406	(190,795)	59,483,288	12,951,008	71,414,551	143,658,458	264,602	143,923,060	
<b>Balance at January 1, 2023</b>									
<b>Comprehensive income</b>									
	–	–	–	–	7,873,814	7,873,814	7,848	7,881,662	
<b>Profit for the period</b>									
<b>Other comprehensive income</b>									
<i>Items that may be reclassified subsequently to profit or loss</i>									
	–	–	–	(27,903)	–	(27,903)	–	(27,903)	
12	–	–	–	(27,903)	–	(27,903)	–	(27,903)	
Share of other comprehensive loss of investments accounted for using the equity method									
	–	–	–	(464)	–	(464)	–	(464)	
Transfer of share of other comprehensive income to profit or loss upon disposal of investments accounted for using the equity method									
	–	–	–	(15,833)	–	(15,833)	–	(15,833)	
Net losses from changes in fair value of financial assets at fair value through other comprehensive income									
	–	–	–	560,507	–	560,507	6,530	567,037	
Currency translation differences									
	–	–	–	1,590,208	–	1,590,208	–	1,590,208	
Currency translation differences									
	–	–	–	2,106,515	7,873,814	9,980,329	14,378	9,994,707	
<b>Total comprehensive income</b>									
<b>Transactions with owners in their capacity as owners</b>									
25	–	(439,006)	–	–	–	(439,006)	–	(439,006)	
Purchase of own shares									
25	–	154,571	(154,571)	–	–	–	–	–	
Cancellation of shares									
25	–	4,889	858,218	(859,309)	–	3,798	–	3,798	
Release of ordinary shares from Share Scheme Trusts									
12	–	–	–	5,863	–	5,863	–	5,863	
Share of other reserves of investments accounted for using the equity method									
	–	–	–	(1,475)	–	(1,475)	–	(1,475)	
Transfer of share of other reserves to profit or loss upon disposal of investments accounted for using the equity method									
28	–	–	–	1,523,334	–	1,523,334	(639)	1,522,695	
Employees share-based compensation scheme:									
25, 28	1	–	446,197	(402,548)	–	43,650	–	43,650	
– exercise of share options									
	–	–	64,752	(64,752)	–	–	–	–	
Share consideration for acquisition of Zimi International Incorporation ("Zimi") completed in 2021									
	–	–	–	5,157	(5,157)	–	–	–	
Appropriation to general reserves									
	–	–	–	(1,500)	1,500	–	–	–	
Others									
	1	(279,546)	1,214,596	204,770	(3,657)	1,136,164	(639)	1,135,525	
<b>Total transactions with owners in their capacity as owners</b>									
	407	(470,341)	60,697,884	15,262,293	79,284,708	154,774,951	278,341	155,053,292	
<b>Balance at June 30, 2023</b>									

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

(Expressed in RMB)

	Note	Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		5,021,874	21,430,534
Income tax paid		(2,491,299)	(1,268,523)
Net cash generated from operating activities		2,530,575	20,162,011
<b>Cash flows from investing activities</b>			
Capital expenditures		(2,267,908)	(3,722,137)
Proceeds from disposal of property, plant and equipment		254,311	61,112
Proceeds from disposal of land use rights		769,837	—
Placement of short-term bank deposits		(23,883,706)	(36,904,029)
Maturity of short-term bank deposits		44,997,554	31,277,967
Placement of long-term bank deposits		(20,837,698)	(5,164,460)
Proceeds from disposal of long-term bank deposits		—	1,875,150
Purchase of short-term investments measured at fair value through profit or loss		(31,811,960)	(21,387,314)
Proceeds from maturity of short-term investments measured at fair value through profit or loss		33,439,970	18,485,551
Purchase of short-term investments measured at fair value through other comprehensive income		(1,144,934)	(625,376)
Proceeds from maturity of short-term investments measured at fair value through other comprehensive income		665,802	505,395
Purchase of long-term investments measured at amortized cost		—	(9,376)
Purchase of short-term investments measured at amortized cost		(1,000,000)	(2,500,000)
Proceeds from maturity of investments measured at amortized cost		500,000	1,500,000
Interest income received		1,850,478	1,519,206
Investment income received		212,974	116,667
Purchase of long-term investments measured at fair value through profit or loss		(1,146,550)	(2,626,369)
Proceeds from disposal of long-term investments measured at fair value through profit or loss		2,102,117	2,695,333
Purchase of investments accounted for using the equity method		(115,000)	(48,807)
Proceeds from disposal of investments accounted for using the equity method		30	333,523
Dividends received		123,761	125,767
Net cash generated from/(used in) investing activities		2,709,078	(14,492,197)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

(Expressed in RMB)

	Note	Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		12,436,649	898,693
Repayment of borrowings		(7,759,247)	(1,402,063)
Finance expenses paid		(348,935)	(321,856)
Contribution from fund investors		1,140,450	467,578
Distribution to fund investors		(588,720)	(1,053,866)
Net proceeds from exercise of share options		38,175	37,590
Payments for shares repurchase		(3,032,539)	(439,006)
Payments for buyback of employee fund		(2,971)	(17,048)
Proceeds from financial assets sold under repurchase agreements		369,844	132,360
Payment of deferred consideration for acquisition of intangible assets		(1,498,683)	—
Capital injection from non-controlling interests		400,079	—
Payment of lease liabilities		(698,802)	(589,078)
Net cash generated from/(used in) financing activities		455,300	(2,286,696)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period	22(a)	33,631,313	27,607,261
Effects of exchange rate changes on cash and cash equivalents		9,554	468,573
<b>Cash and cash equivalents at the end of the period</b>	22(a)	<b>39,335,820</b>	<b>31,458,952</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 1 General information

Xiaomi Corporation (formerly known as Top Elite Limited) (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, Ugland 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, smart electric vehicles (“**EV**”) and other 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 this interim financial information.

The condensed consolidated interim financial information comprises the interim condensed consolidated balance sheet as of June 30, 2024, the interim condensed consolidated income statements and the interim condensed consolidated statements of comprehensive income for the three-month and six-month periods then ended, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (the “**Interim Financial Information**”). The Interim Financial Information is presented in RMB, unless otherwise stated.

The Interim Financial Information was approved by the Board of Directors of the Company on August 21, 2024.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 2 Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, issued by the International Accounting Standards Board (“IASB”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended December 31, 2023 which have been prepared in accordance with all applicable IFRS Accounting Standards (“IFRS Accounting Standards”) issued by the IASB as set out in the 2023 annual report of the Company dated March 19, 2024 (the “2023 Financial Statements”), and any public announcement made by the Company during the six months ended June 30, 2024 (the “Interim Report Period”) and up to date of approval of this unaudited Interim Financial Information.

### 3 Significant changes in the current reporting period

Since the Group officially launched smart EV on March 28, 2024, the financial position and performance of the Group was particularly affected by these new initiative products and transactions during the three months and six months ended June 30, 2024 (Note 7).

### 4 Material accounting policies

The accounting policies and methods of computations used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2023 Financial Statements, except for the adoption of amended standards as set out below.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 4 Material accounting policies (continued)

#### Amendments to standards adopted by the Group

The following amendments to standards are mandatory for the first time for the Group's financial year beginning on January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to IAS 1
- Lease Liability in a Sale and Leaseback — Amendments to IFRS 16
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

The adoption of these amended standards does not have significant impact on the Group's results for the Interim Report Period and the Group's financial position as of June 30, 2024.

#### New standards and amendments to standards issued but not yet effective

The following new standards and amendments to standards have not come into effect for the financial year beginning on 1 January 2024 and have not been early adopted by the Group in preparing the Interim Financial Information. As at the date of approval of this Interim Financial Information, the Group is still in the process of assessing the effects of adopting IFRS 18, IFRS 19 and these amendments and improvements to IFRS Accounting Standards. The Group will continue to assess the effects of these new and amended standards.

- Lack of Exchangeability — Amendments to IAS 21
- Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards — Volume 11 — Annual Improvements to IFRS Accounting Standards
- Presentation and Disclosure in Financial Statements — IFRS 18
- Subsidiaries without Public Accountability: Disclosures — IFRS 19

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 5 Significant accounting estimates

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were substantially the same as those applied to the 2023 Financial Statements.

### 6 Financial risk management and financial instruments

#### 6.1 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 policies on financial risk management were set out in the 2023 Financial Statements and there have been no significant changes in the financial risk management policies for the three months and six months ended June 30, 2024.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 6 Financial risk management and financial instruments (continued)

## 6.2 Fair value estimation

The table below analyzes the Group's 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 June 30, 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>Assets</b>				
Long-term investments measured at fair value through profit or loss (Note 17)	5,276,410	—	53,422,657	58,699,067
Short-term investments measured at fair value through profit or loss (Note 17)	—	—	18,561,997	18,561,997
Short-term investments measured at fair value through other comprehensive income (Note 17)	1,058,207	—	—	1,058,207
Bills receivables measured at fair value through other comprehensive income	—	—	62,812	62,812
	<b>6,334,617</b>	<b>—</b>	<b>72,047,466</b>	<b>78,382,083</b>
<b>Liabilities</b>				
Liabilities to fund investors	—	—	2,914,023	2,914,023

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 6 Financial risk management and financial instruments (continued)

#### 6.2 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Audited)</b>				
<b>Assets</b>				
Long-term investments measured at fair value through profit or loss (Note 17)	5,992,430	—	54,207,368	60,199,798
Short-term investments measured at fair value through profit or loss (Note 17)	—	—	20,193,662	20,193,662
Short-term investments measured at fair value through other comprehensive income (Note 17)	582,131	—	—	582,131
Bills receivables measured at fair value through other comprehensive income	—	—	125,661	125,661
	6,574,561	—	74,526,691	81,101,252
<b>Liabilities</b>				
Liabilities to fund investors	—	—	2,228,308	2,228,308

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 6 Financial risk management and financial instruments (continued)

#### 6.2 Fair value estimation (continued)

##### (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.

##### (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 INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**6 Financial risk management and financial instruments (continued)****6.2 Fair value estimation (continued)****(c) Financial instruments in level 3 (continued)**

The following table presents the changes in level 3 instruments of long-term investments measured at fair value through profit or loss for the six months ended June 30, 2024 and 2023.

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
At the beginning of the period	<b>54,207,368</b>	51,432,588
Additions	<b>1,321,770</b>	2,654,506
Disposals	<b>(1,844,049)</b>	(1,205,632)
Changes in fair value	<b>(1,236,371)</b>	2,590,633
Transfer to long-term investments accounted for using the equity method	<b>—</b>	(458,544)
Transfer from long-term investments accounted for using the equity method	<b>1,185,826</b>	—
Transfer to level 1 financial instruments	<b>(306,457)</b>	(1,282,823)
Currency translation differences	<b>94,570</b>	738,878
At the end of the period	<b>53,422,657</b>	54,469,606
Net unrealized (losses)/gains for the period	<b>(1,548,181)</b>	2,053,364

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 6 Financial risk management and financial instruments (continued)

## 6.2 Fair value estimation (continued)

## (c) Financial instruments in level 3 (continued)

The following table presents the changes in level 3 instruments of short-term investments measured at fair value through profit or loss for the six months ended June 30, 2024 and 2023.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	20,193,662	9,845,910
Additions	31,811,960	21,805,310
Disposals	(33,656,018)	(18,600,823)
Changes in fair value	209,318	108,048
Currency translation differences	3,075	(30,343)
At the end of the period	18,561,997	13,128,102
Net unrealized gains for the period	147,331	43,807

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 17), and short-term investments measured at fair value through profit or loss (Note 17). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including market approach etc.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 6 Financial risk management and financial instruments (continued)

## 6.2 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 June 30, 2024	As of December 31, 2023		As of June 30, 2024	As of December 31, 2023	
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Long-term investments measured at fair value through profit or loss						
— Ordinary shares investments and preferred shares investments	42,130,683	43,743,711	Expected volatility	32%–86%	15%–103%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	2%–25%	4%–30%	The higher the DLOM, the lower the fair value
			Risk-free rate	0.8%–5.2%	1.9%–7%	

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 6 Financial risk management and financial instruments (continued)

## 6.2 Fair value estimation (continued)

## (c) Financial instruments in level 3 (continued)

Description	Fair values		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As of June 30, 2024	As of December 31, 2023		As of June 30, 2024	As of December 31, 2023	
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Short-term investments measured at fair value through profit or loss	18,561,997	20,193,662	Expected rate of return	0.50%–7.45%	0.25%–3.25%	The higher the expected rate of return, the higher the fair value

There were no material transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended June 30, 2024, 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, short-term bank deposits, long-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 INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 7 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by 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 that makes strategic decisions.

The Group officially launched smart EV on March 28, 2024 and at the same time the Group also launched other new initiatives to maintain its sustainable development ability. As these newly initiatives have dissimilar products, production process and customers with the Group's other existing business, and the CODM reviewed these new initiatives separately to assess the performance and allocate resources, thus the smart EV and other new initiatives were regarded as a separate segment in this Interim Financial Information.

In this connection, the Group determined that it has the following reportable segments:

- Smartphone × AIoT
  - Smartphones
  - IoT and lifestyle products
  - Internet services
  - Other related business
- Smart EV and other new initiatives

These changes of presentation of segment information align with the manner in which the Group's CODM uses financial information to evaluate the performance of, and to allocate resource to, each of the segments. The prior periods' segment operating results have been retrospectively recast to conform to the current period presentation as applicable.

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 which is used 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/(losses) of investments accounted for using the equity method, other income, other gains, net, finance income, finance costs, and income tax expenses are also not allocated to individual operating segments.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 7 Segment information (continued)

The revenues from external customers reported to CODM are measured as segment revenue, which is the revenue derived from the customers in each segment:

- (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 business revenues in Smartphone × AIoT segment primarily comprise revenue from the Group's hardware repair services for products, installation services for certain IoT products and sale of materials.
- (b) Smart EV and other new initiatives: Revenues from smart EV and other new initiatives segment are mainly derived from the sale of smart EV, revenues from other related business in this segment are immaterial to the Group.

The cost of sales from each segment 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 consist of (i) content fees to game developers, and (ii) bandwidth, server custody and cloud service related costs. Cost of sales for other related business in Smartphone × AIoT segment primarily consists of hardware repair costs, installation costs and costs from sale of materials.
- (b) Smart EV and other new initiatives: The Group's cost of sales for smart EV 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) reserves for estimated warranty expenses, and (v) charges to write-down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventory that is either obsolete or in excess of forecasted demand.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the interim condensed consolidated income 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 segments.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**7 Segment information (continued)**

There were no material inter-segment sales during the three months and six months ended June 30, 2024 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the interim condensed consolidated income statements.

The segment results for the three months and six months ended June 30, 2024 and 2023 are as follows:

	Three months ended June 30, 2024						
	Smartphones	Smartphone × AIoT			Subtotal	Smart EV and other new initiatives	Total
		IoT and lifestyle products	Internet services	Other related business			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>(Unaudited)</b>							
Segment revenues	46,516,412	26,760,314	8,265,611	976,674	82,519,011	6,368,817	88,887,828
Cost of sales	(40,866,952)	(21,476,717)	(1,792,924)	(968,026)	(65,104,619)	(5,389,032)	(70,493,651)
Gross profit	5,649,460	5,283,597	6,472,687	8,648	17,414,392	979,785	18,394,177
	Three months ended June 30, 2023						
	Smartphones	Smartphone × AIoT			Subtotal	Smart EV and other new initiatives	Total
		IoT and lifestyle products	Internet services	Other related business			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>(Unaudited)</b>							
Segment revenues	36,595,461	22,253,866	7,444,079	1,061,502	67,354,908	—	67,354,908
Cost of sales	(31,720,488)	(18,343,767)	(1,926,198)	(1,203,439)	(53,193,892)	—	(53,193,892)
Gross profit/(loss)	4,874,973	3,910,099	5,517,881	(141,937)	14,161,016	—	14,161,016

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 7 Segment information (continued)

	Six months ended June 30, 2024						
	Smartphones RMB'000	Smartphone × AIoT			Subtotal RMB'000	Smart EV and other new initiatives RMB'000	Total RMB'000
		IoT and lifestyle products RMB'000	Internet services RMB'000	Other related business RMB'000			
		<b>(Unaudited)</b>					
Segment revenues	92,996,160	47,133,803	16,313,994	1,555,844	157,999,801	6,394,849	164,394,650
Cost of sales	(80,467,477)	(37,802,769)	(3,865,942)	(1,622,779)	(123,758,967)	(5,411,789)	(129,170,756)
Gross profit/(loss)	12,528,683	9,331,034	12,448,052	(66,935)	34,240,834	983,060	35,223,894

	Six months ended June 30, 2023						
	Smartphones RMB'000	Smartphone × AIoT			Subtotal RMB'000	Smart EV and other new initiatives RMB'000	Total RMB'000
		IoT and lifestyle products RMB'000	Internet services RMB'000	Other related business RMB'000			
		<b>(Unaudited)</b>					
Segment revenues	71,580,207	39,087,648	14,472,227	1,691,960	126,832,042	—	126,832,042
Cost of sales	(62,772,217)	(32,530,885)	(3,874,599)	(1,901,758)	(101,079,459)	—	(101,079,459)
Gross profit/(loss)	8,807,990	6,556,763	10,597,628	(209,798)	25,752,583	—	25,752,583

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 7 Segment information (continued)

For the three months and six months ended June 30, 2024 and 2023, the geographical information on the total revenues is as follows:

	Three months ended June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Mainland China	50,812,668	57.2	39,585,960	58.8	88,446,741	53.8	72,077,944	56.8
Rest of the world (Note (a))	38,075,160	42.8	27,768,948	41.2	75,947,909	46.2	54,754,098	43.2
	<b>88,887,828</b>		67,354,908		<b>164,394,650</b>		126,832,042	

Note:

(a) Revenues outside mainland China are mainly from India and Europe.

The major customers which contributed more than 10% of the total revenue of the Group for the three months and six months ended June 30, 2024 and 2023 are listed as below:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	%	%	%	%
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	10.4	14.3	9.8	12.7

All the revenues derived from other single external customer were less than 10% of the Group's total revenues during the three months and six months ended June 30, 2024 and 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 7 Segment information (continued)

The following table shows inventory information by reportable segment as of June 30, 2024 and December 31, 2023.

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Smartphone × AIoT	50,358,536	44,354,214
Smart EV and other new initiatives	1,165,618	68,623
	<b>51,524,154</b>	<b>44,422,837</b>

## 8 Other income

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Government grants	192,196	75,636	276,327	130,749
Value-added tax and other tax refunds	23,732	19,578	80,172	65,218
Dividend income	71,318	69,540	88,154	102,218
Additional deduction of input value-added tax	—	20,022	—	51,425
	<b>287,246</b>	<b>184,776</b>	<b>444,653</b>	<b>349,610</b>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 9 Other gains, net

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gains on disposal and deemed disposal of investments accounted for using the equity method	669,143	66,769	669,143	206,398
Foreign exchanges (losses)/gains, net	(13,444)	(28,197)	(35,261)	13,941
Losses on disposal of land use rights	(52,051)	—	(52,051)	—
Others	(54,020)	32,651	(101,747)	26,911
	549,628	71,223	480,084	247,250

## 10 Expenses by nature

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories sold and royalty fees	64,865,246	47,641,858	118,629,191	90,402,822
Provision for impairment of inventories (Note 21)	1,705,256	881,462	2,946,746	2,695,954
Employee benefit expenses	5,358,712	4,418,111	10,549,089	8,918,568
Depreciation of property, plant and equipment, right-of-use assets and investment properties	816,293	598,701	1,620,006	1,178,938
Amortization of intangible assets	596,037	426,732	1,186,647	788,205
Promotion and advertising expenses	1,686,913	1,468,832	3,796,722	2,735,705
Content fees to game developers and video providers	759,835	798,591	1,586,567	1,663,088
Credit loss allowance	(16,498)	24,615	252,866	83,572
Consultancy and professional service fees	393,618	383,883	728,261	666,739
Cloud service, bandwidth and server custody fees	426,771	479,301	895,293	1,029,850
Warranty expenses	1,140,326	1,894,883	2,177,493	2,758,314

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 11 Finance income and costs

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Finance income:</b>				
Interest income from bank deposits	876,875	851,273	1,896,310	1,529,423
<b>Finance costs:</b>				
(Gains)/losses arising from changes in amortized cost of liabilities to fund investors (Note 29)	(280,153)	(322,874)	(1,090,265)	537,720
Interest expense from borrowings (Note 26), lease liabilities (Note 23) and payables for purchase of intangible assets (Note 29 and 31)	366,364	258,992	656,571	506,044
	86,211	(63,882)	(433,694)	1,043,764

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 12 Investments accounted for using the equity method

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Investments in associates accounted for using the equity method		
— Listed entities (Note (a))	1,261,481	1,421,275
— Unlisted entities	5,405,096	5,500,966
	<b>6,666,577</b>	<b>6,922,241</b>

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>6,922,241</b>	7,932,192
Additions	80,000	510,951
Disposals and transfers	(545,417)	(114,706)
Share of net profits/(losses)	241,776	(59,035)
Share of other comprehensive loss	(12,508)	(27,903)
Share of changes of other reserves	16,092	5,863
Dividends from associates	(35,607)	(23,549)
Impairment provision	—	(7,138)
<b>At the end of the period</b>	<b>6,666,577</b>	<b>8,216,675</b>

Note:

- (a) As of June 30, 2024, the fair value of the investments in associates which were listed entities was RMB2,110,861,000 (December 31, 2023: RMB2,284,313,000).

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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 13 Income tax expenses

The income tax expenses of the Group during the periods presented are analyzed as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	1,626,168	1,476,060	3,023,132	2,539,490
Deferred income tax	(16,452)	(185,903)	(364,250)	5,242
<b>Income tax expenses</b>	<b>1,609,716</b>	<b>1,290,157</b>	<b>2,658,882</b>	<b>2,544,732</b>

Income tax expenses are recognized based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

Notes:

- (a) Enterprise income tax in mainland China ("EIT")  
The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.
- (b) 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 exempted from BVI income taxes.
- (c) 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 periods presented, based on the existing legislation, interpretations and practices in respect thereof.
- (d) India income tax  
The income tax provision for India entities were calculated at a rate of 25.17% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 13 Income tax expenses (continued)

Notes (continued):

(e) Preferential EIT rate

Certain subsidiaries in mainland China are entitled to preferential tax rates ranging from 10% to 15%. Main subsidiaries with preferential EIT rates are as follows:

Beijing Xiaomi Mobile Software Co., Ltd. ("**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 2023. The directors of the Company consider Xiaomi Mobile can still be qualified upon annual renewal and hence continues to enjoy the preferential income tax rate of 10% for the six months ended June 30, 2024.

Tianxing Digital Technology Co., Ltd. ("**Tianxing Digital**") was qualified as a "High and New Technology Enterprise" in November 2018 and renewed this qualification in December 2021, hence it enjoys a preferential income tax rate of 15% from 2018 to 2023. The directors of the Company consider Tianxing Digital can still be qualified upon the renewal in 2024 and hence continues to enjoy the preferential income tax rate of 15% for the six months ended June 30, 2024.

(f) Super Deduction for research and development expense

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 would entitle 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 period.

(g) Withholding tax in mainland China ("**WHT**")

According to the New Corporate Income Tax Law ("**New EIT Law**"), distribution of profits earned by companies incorporated in mainland China 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 mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. 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.

(h) 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 from January 1, 2024 in several of tax jurisdictions in which the Group entities are incorporated or operated.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**13 Income tax expenses (continued)**

Notes (continued):

- (h) Organization for Economic Co-operation and Development (“OECD”) Pillar Two model rules (continued)
- 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. The Group has assessed that the estimated annual effective tax rate for the year ending December 31, 2024 is not lower than 15% in all jurisdictions with Pillar Two legislation enacted in which the Group operates. Thus, it is anticipated that the effective of Pillar Two legislation will not have material impact to the Group for the six months ended June 30, 2024.

The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

**14 Earnings per share****(a) Basic**

Basic earnings per share for the three months and six months ended June 30, 2024 and 2023 are calculated by dividing the profit attributable to the Company’s owners by the weighted average number of ordinary shares in issue during the periods and excluding treasury shares.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	5,098,002	3,669,975	9,280,063	7,873,814
Weighted average number of ordinary shares in issue (thousand shares)	24,833,808	24,878,433	24,816,068	24,850,270
Basic earnings per share (expressed in RMB per share)	0.21	0.15	0.37	0.32

**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings per share for the three months and six months ended June 30, 2024 and 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**14 Earnings per share (continued)****(b) Diluted (continued)**

For the three months and six months ended June 30, 2024 and 2023, the share options and restricted shares units ("RSUs") granted by the Group's subsidiary and associates had either anti-dilutive effect or insignificant dilutive effect to the Group's diluted earnings per share.

	Three months ended June 30,		Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net profit attributable to the owners of the Company (RMB'000)	5,098,002	3,669,975	9,280,063	7,873,814
Weighted average number of ordinary shares in issue (thousand shares)	24,833,808	24,878,433	24,816,068	24,850,270
Adjustments for RSUs and share options granted to employees (thousand shares)	614,884	345,060	608,632	342,409
Adjustments for share consideration for acquisition of Zimi (thousand shares)	1,953	569	1,581	464
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	25,450,645	25,224,062	25,426,281	25,193,143
Diluted earnings per share (expressed in RMB per share)	0.20	0.15	0.36	0.31

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 15 Property, plant and equipment

	Factory and production equipment	Electronic equipment Transport equipment	Other electronic equipment	Office equipment	Buildings	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>								
<b>Six months ended June 30, 2024</b>								
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	619,813	96,325	407,732	1,786	2,110	508,232	1,367,013	3,003,011
Transfer from construction in progress	1,598,980	—	9,281	—	1,114,284	—	(2,722,545)	—
Disposals	(40,980)	(5,175)	(3,335)	(29)	(2,602)	(57,417)	(139,106)	(248,644)
Depreciation charge	(113,661)	(22,002)	(233,551)	(2,059)	(63,417)	(259,035)	—	(693,725)
Currency translation differences	—	—	(437)	(148)	—	(971)	—	(1,556)
<b>Closing net book amount</b>	<b>5,338,592</b>	<b>108,085</b>	<b>1,255,564</b>	<b>15,734</b>	<b>5,623,348</b>	<b>706,255</b>	<b>2,732,333</b>	<b>15,779,911</b>
<b>At June 30, 2024</b>								
Cost	5,550,562	154,501	3,076,456	44,346	6,124,105	2,543,359	2,732,333	20,225,662
Accumulated depreciation	(211,970)	(46,416)	(1,820,892)	(28,612)	(500,757)	(1,837,104)	—	(4,445,751)
<b>Net book amount</b>	<b>5,338,592</b>	<b>108,085</b>	<b>1,255,564</b>	<b>15,734</b>	<b>5,623,348</b>	<b>706,255</b>	<b>2,732,333</b>	<b>15,779,911</b>
<b>(Unaudited)</b>								
<b>Six months ended June 30, 2023</b>								
Opening net book amount	123,831	53,341	958,934	10,485	4,474,495	639,823	2,877,312	9,138,221
Additions	68,174	312	393,043	430	—	281,396	2,757,132	3,500,487
Transfer from construction in progress to factory and intangible assets	1,804,258	—	—	—	—	—	(1,821,350)	(17,092)
Transfer from investment properties to buildings	—	—	—	—	37,658	—	—	37,658
Disposals	(13,561)	—	(22,710)	(23)	—	(31,733)	—	(68,027)
Depreciation charge	(41,788)	(11,899)	(194,875)	(1,575)	(56,378)	(270,383)	—	(576,898)
Currency translation differences	—	—	1,522	354	68	3,404	—	5,348
<b>Closing net book amount</b>	<b>1,940,914</b>	<b>41,754</b>	<b>1,135,914</b>	<b>9,671</b>	<b>4,455,843</b>	<b>622,507</b>	<b>3,813,094</b>	<b>12,019,697</b>
<b>At June 30, 2023</b>								
Cost	1,992,551	65,171	2,525,994	34,937	4,803,485	2,173,996	3,813,094	15,409,228
Accumulated depreciation	(51,637)	(23,417)	(1,390,080)	(25,266)	(347,642)	(1,551,489)	—	(3,389,531)
<b>Net book amount</b>	<b>1,940,914</b>	<b>41,754</b>	<b>1,135,914</b>	<b>9,671</b>	<b>4,455,843</b>	<b>622,507</b>	<b>3,813,094</b>	<b>12,019,697</b>

Construction in progress as of June 30, 2024 and 2023 mainly comprises new office buildings and factories being constructed in mainland China.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 16 Intangible assets

	Goodwill	License	Trademarks, patents and domain name	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>					
<b>Six months ended June 30, 2024</b>					
Opening net book amount	1,696,639	5,315,821	983,087	633,192	8,628,739
Additions	—	185,957	933	92,916	279,806
Disposals	—	—	—	(3,718)	(3,718)
Amortization charge	—	(937,665)	(115,446)	(133,536)	(1,186,647)
Currency translation differences	—	—	479	591	1,070
<b>Closing net book amount</b>	<b>1,696,639</b>	<b>4,564,113</b>	<b>869,053</b>	<b>589,445</b>	<b>7,719,250</b>
<b>At June 30, 2024</b>					
Cost	1,696,639	11,345,426	2,249,556	1,353,930	16,645,551
Accumulated amortization	—	(6,781,313)	(1,380,503)	(764,485)	(8,926,301)
<b>Net book amount</b>	<b>1,696,639</b>	<b>4,564,113</b>	<b>869,053</b>	<b>589,445</b>	<b>7,719,250</b>
<b>(Unaudited)</b>					
<b>Six months ended June 30, 2023</b>					
Opening net book amount	1,696,639	1,300,256	1,215,246	417,535	4,629,676
Additions	—	2,016,191	3,883	138,624	2,158,698
Transfer from construction in progress	—	—	—	17,092	17,092
Disposals	—	—	(318)	(1,589)	(1,907)
Amortization charge	—	(584,326)	(119,722)	(84,157)	(788,205)
Currency translation differences	—	2	3,541	3,159	6,702
<b>Closing net book amount</b>	<b>1,696,639</b>	<b>2,732,123</b>	<b>1,102,630</b>	<b>490,664</b>	<b>6,022,056</b>
<b>At June 30, 2023</b>					
Cost	1,696,639	6,609,143	2,252,301	998,719	11,556,802
Accumulated amortization	—	(3,877,020)	(1,149,671)	(508,055)	(5,534,746)
<b>Net book amount</b>	<b>1,696,639</b>	<b>2,732,123</b>	<b>1,102,630</b>	<b>490,664</b>	<b>6,022,056</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 17 Investments

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>Current assets</b>		
Short-term investments measured at		
– Amortized cost (Note (a))	1,011,263	502,816
– Fair value through other comprehensive income (Note (b))	1,058,207	582,131
– Fair value through profit or loss (Note (c))	18,561,997	20,193,662
	<b>20,631,467</b>	21,278,609
<b>Non-current assets</b>		
Long-term investments measured at amortized cost (Note (b))	365,749	364,476
Long-term investments measured at fair value through profit or loss		
– Ordinary shares investments (Note (d))	14,046,780	15,291,625
– Preferred shares investments (Note (e))	33,360,313	34,444,516
– Treasury investments (Note (f))	7,658,342	6,846,562
– Other investments (Note (g))	3,633,632	3,617,095
	<b>59,064,816</b>	60,564,274

Notes:

- (a) Short-term investments measured at amortized cost are shareholders' deposits deposited by the Group in an associate Chongqing Xiaomi Consumer Finance Co., Ltd., with an interest rate of 3.27% per annum. The investments are held for collection of contractual cash flow and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs. None of these investments are past due.
- (b) Short-term investments measured at fair value through other comprehensive income and long-term investments measured at amortized cost are mainly debt securities, denominated in HK\$, US\$ and RMB, 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, and that are held for both collection of contractual cash flows and for selling are measured at fair value through other comprehensive income. The securities are mainly issued by corporates and banks and the fair value of such debt securities was determined based on quoted price on bond market. None of these investments are past due.
- (c) The short-term investments measured at fair value through profit or loss are wealth management products, denominated in RMB, US\$ and EUR, with expected rates of return ranging from 0.50% to 7.45% per annum for the six months ended June 30, 2024. None of these investments are past due.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 17 Investments (continued)

Notes (continued):

- (d) 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. The major assumptions used in the valuation for investment in private companies refer to Note 6.2.

- (e) During the six months ended June 30, 2024, the Group made aggregate preferred shares investments of RMB569,091,000 (2023: RMB1,139,948,000). These investees are principally engaged in sales of goods, provision of internet services and integrated circuit industry.

The preferred shares investments in these investees are convertible redeemable preferred shares or ordinary shares with preferential rights. The Group has the right to require and demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events which are out of control of issuers. Hence, these investments are accounted for as debt instruments and are measured at financial assets at fair value through profit or loss. For the major assumptions used in the valuation for investment in private companies, please refer to Note 6.2.

- (f) 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.

- (g) Other investments primarily consist of investments in private equity investment funds. As fund 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 INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 17 Investments (continued)

Notes (continued):

(h) Amounts recognized in profit or loss for investments measured at fair value through profit or loss

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Long-term investments measured at fair value through profit or loss				
– Ordinary shares investments	(69,550)	[1,461,311]	(1,661,104)	1,736,876
– Preferred shares investments	(874,830)	1,145,843	(676,743)	1,248,411
– Treasury and other investments	7,701	(12,350)	97,891	84,140
Short-term investments measured at fair value through profit or loss	86,934	52,034	209,318	108,048
	(849,745)	[275,784]	(2,030,638)	3,177,475

## 18 Loan receivables

	As of June 30,	As of December 31,
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Unsecured loan	11,093,613	10,645,144
Less: credit loss allowance	(106,735)	(872,555)
	10,986,878	9,772,589

Loan receivables are loans derived from subsidiaries of the Group which engage in the factoring finance business. Such amounts are recorded at the principal amount less expected credit loss. Loan receivables are denominated in RMB and US\$.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 19 Trade and notes receivables

Details of trade and notes receivables are as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Trade receivables	12,244,907	10,253,922
Notes receivables	1,972,357	2,213,964
Less: credit loss allowance	(568,448)	(316,958)
	<b>13,648,816</b>	12,150,928

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 June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Up to 3 months	10,595,425	9,108,133
3 to 6 months	1,665,050	1,666,418
6 months to 1 year	767,656	522,612
1 to 2 years	1,008,183	1,016,563
Over 2 years	180,950	154,160
	<b>14,217,264</b>	12,467,886

Majority of the Group's trade and notes receivables were denominated in RMB and US\$.

Trade and notes receivables balances as of June 30, 2024 and December 31, 2023 mainly represented amounts due from certain channel distributors and customers in mainland China, India and Europe who usually settle the amounts due by them within 180 days.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**19 Trade and notes receivables (continued)**

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 for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. 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 Business Climate Index ("BCI"), and accordingly adjusts the historical loss rates based on expected changes in all factors identified.

**20 Prepayments and other receivables**

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Receivables from subcontractors for outsourcing of raw materials	9,571,346	7,591,022
Recoverable value-added tax and other taxes	6,495,980	7,248,105
Prepayments to suppliers	3,018,315	1,786,057
Deposits to suppliers	703,528	735,031
Receivables from market development fund	231,203	190,617
Prepaid fees for patent expenses and other prepaid expenses	1,634,076	1,148,975
Receivables from employees related to Employee Fund (Note 28)	89,850	90,350
Receivables related to share options and RSUs granted to employees	228,722	261,239
Operating and finance lease receivables	540,509	417,435
Receivables for disposal of land use rights	775,000	—
Others	1,033,432	817,659
	<b>24,321,961</b>	20,286,490
Less: credit loss allowance	<b>(207,070)</b>	(207,615)
	<b>24,114,891</b>	20,078,875

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 21 Inventories

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Raw materials	13,827,290	11,455,435
Finished goods	31,415,120	27,132,256
Work in progress	4,404,448	3,564,974
Spare parts	3,737,525	3,494,076
Others	698,375	952,492
	<b>54,082,758</b>	46,599,233
Less: provision for impairment (Note (a))	<b>(2,558,604)</b>	(2,176,396)
	<b>51,524,154</b>	44,422,837

Note:

- (a) For the six months ended June 30, 2024, provision for impairment of RMB2,946,746,000 (RMB2,695,954,000 for the six months ended June 30, 2023) was recorded in "cost of sales" in the interim condensed consolidated income statements.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**22 Cash and bank balances****(a) Cash and cash equivalents**

	<b>As of June 30,</b> <b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>As of December 31,</b> <b>2023</b> <b>RMB'000</b> <b>(Audited)</b>
Cash at bank and in hand	<b>31,111,453</b>	26,909,303
Short-term bank deposits with initial terms within three months	<b>8,224,367</b>	6,722,010
	<b>39,335,820</b>	33,631,313

The weighted average effective interest rate for the short-term bank deposits with initial terms within three months was 5.18% per annum for the six months ended June 30, 2024.

**(b) Restricted cash**

As of June 30, 2024, among the restricted cash, India Rupees (“**INR**”) 46,165,134,000 (equivalent to RMB4,023,291,000) was restricted by India authorities due to the in-progress investigation described in Note 32.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 23 Leases

(i) The interim condensed consolidated balance sheet includes the following amounts relating to leases:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>Right-of-use assets (Note (a))</b>		
Land use rights	6,534,647	8,142,639
Properties	1,691,876	1,766,195
Servers and other equipment	2,272,281	67,767
Other assets	2,338	2,293
	<b>10,501,142</b>	<b>9,978,894</b>
<b>Lease liabilities (Note (b))</b>		
Current	(1,802,622)	(712,011)
Non-current	(2,564,811)	(1,256,155)
	<b>(4,367,433)</b>	<b>(1,968,166)</b>

Notes:

- (a) Right-of-use assets are included in the line item 'Other non-current assets' in the interim condensed consolidated balance sheet. The addition of right-of-use assets for the six months ended June 30, 2024 was RMB3,270,404,000 (six months ended June 30, 2023: RMB215,993,000).
- (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 interim condensed consolidated balance sheet, respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 23 Leases (continued)

(ii) The interim condensed consolidated income statements include the following amounts relating to leases:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets (Note (a))	441,605	278,134	897,949	567,933
Interest expense (included in finance costs)	39,564	20,552	75,507	40,277
Expense relating to short-term leases not included in lease liabilities (included in cost of sales and research and development expenses)	—	105,383	—	205,430
Expense relating to variable lease payments not included in lease liabilities (included in selling and marketing expenses)	73,970	54,772	135,516	105,716
	<b>555,139</b>	458,841	<b>1,108,972</b>	919,356

The total cash outflow in financing activities for leases during the six months ended June 30, 2024 was RMB698,802,000, including principal elements of lease payments of RMB623,295,000 and related interest paid of RMB75,507,000, respectively.

Note:

(a) The depreciation charge of land use rights, servers and other equipment, properties and other assets for the three months ended June 30, 2024 were RMB19,371,000 (three months ended June 30, 2023: RMB58,987,000), RMB241,109,000 (three months ended June 30, 2023: RMB107,517,000), RMB181,125,000 (three months ended June 30, 2023: RMB111,630,000) and nil (three months ended June 30, 2023: nil), respectively.

The depreciation charge of land use rights, servers and other equipment, properties and other assets for the six months ended June 30, 2024 were RMB41,057,000 (six months ended June 30, 2023: RMB104,173,000), RMB494,540,000 (six months ended June 30, 2023: RMB213,097,000), RMB362,352,000 (six months ended June 30, 2023: RMB250,481,000) and nil (six months ended June 30, 2023: RMB182,000), respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 24 Other non-current assets

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Right-of-use assets (Note 23)	10,501,142	9,978,894
Investment properties	2,259,840	2,287,548
Long-term deposits to suppliers	1,006,361	1,000,402
Prepayments for property, plant and equipment	970,280	1,064,273
Others	77,089	573,143
	14,814,712	14,904,260

### 25 Share capital and treasury shares

#### (a) Share capital

##### Authorized:

As of January 1, 2024 and June 30, 2024, the total authorized number of ordinary shares is 270,000,000,000 shares with par value of US\$0.0000025 per share.

##### Issued:

The number of issued Class A ordinary shares was 4,537,658,844 while the number of Class B ordinary shares was 20,485,988,184 as of June 30, 2024. 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 25 Share capital and treasury shares (continued)

## (a) Share capital (continued)

## Issued (continued):

	Number of ordinary shares '000	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
<b>As of January 1, 2024</b>	<b>25,073,427</b>	<b>62</b>	<b>407</b>	<b>60,778,287</b>
Exercise of share options	16,442	—	—	188,223
Shares repurchased and cancelled	(161,500)	—	(3)	(2,004,353)
Issuance of ordinary shares to Share Scheme Trusts (i)	95,278	—	—	—
Release of ordinary shares from Share Scheme Trusts (i)	—	—	3	1,709,409
<b>As of June 30, 2024 (unaudited)</b>	<b>25,023,647</b>	<b>62</b>	<b>407</b>	<b>60,671,566</b>
<b>As of January 1, 2023</b>	<b>24,951,334</b>	<b>62</b>	<b>406</b>	<b>59,483,288</b>
Exercise of share options	37,908	—	1	446,197
Shares repurchased and cancelled	(16,000)	—	—	(154,571)
Issuance of ordinary shares to Share Scheme Trusts (i)	64,093	—	—	—
Release of ordinary shares from Share Scheme Trusts (i)	—	—	—	858,218
Share issued for acquisition of Zimi completed in 2021	5,305	—	—	64,752
<b>As of June 30, 2023 (unaudited)</b>	<b>25,042,640</b>	<b>62</b>	<b>407</b>	<b>60,697,884</b>

Note:

- (i) 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").

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 25 Share capital and treasury shares (continued)

## (b) Treasury shares

	Number of shares '000	Amounts RMB'000
<b>As of January 1, 2024</b>	<b>32,828</b>	<b>438,291</b>
Shares repurchased	219,175	2,903,979
Shares cancelled	(161,500)	(2,004,356)
Release of ordinary shares from Share Scheme Trusts	(13,369)	(186,090)
<b>As of June 30, 2024 (unaudited)</b>	<b>77,134</b>	<b>1,151,824</b>
<b>As of January 1, 2023</b>	<b>20,289</b>	<b>190,795</b>
Shares repurchased	44,538	439,006
Shares cancelled	(16,000)	(154,571)
Release of ordinary shares from Share Scheme Trusts	(428)	(4,889)
<b>As of June 30, 2023 (unaudited)</b>	<b>48,399</b>	<b>470,341</b>

During the six months ended June 30, 2024, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares '000	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
January 2024	112,100	15.54	12.30	1,533,096
February 2024	26,000	12.78	12.08	324,556
March 2024	14,941	15.00	14.76	222,663
April 2024	18,200	15.98	15.42	285,886
May 2024	5,600	17.74	17.40	98,786
June 2024	42,334	18.00	16.44	728,525
	<b>219,175</b>			<b>3,193,512</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 26 Borrowings

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>Included in non-current liabilities</b>		
Secured borrowings (Note (a))	989,075	—
Unsecured borrowings (Note (b))	14,855,482	16,631,078
Convertible bonds (Note (c))	5,192,970	5,042,891
	<b>21,037,527</b>	<b>21,673,969</b>
<b>Included in current liabilities</b>		
Secured borrowings (Note (a))	19,345	—
Unsecured borrowings (Note (b))	8,924,340	6,183,376
	<b>8,943,685</b>	<b>6,183,376</b>

Notes:

- (a) As of June 30, 2024, RMB1,008,420,000 (December 31, 2023: Nil) of borrowings were secured by buildings and land use rights amounting to approximately RMB2,630,286,000 (December 31, 2023: Nil). The interest rate of these borrowings was 3.50% (December 31, 2023: Nil) per annum.
- (b) As of June 30, 2024, the interest rate of the unsecured borrowings was 2.22% to 5.84% per annum.

As of December 31, 2023, other than the interest rate of 49.00% for unsecured borrowings in Turkish Lira ("TRY") 200,000,000 which was equivalent to RMB48,102,000 (the "TRY borrowing"), and the interest rate of 14.25% for unsecured borrowings in Russian Rouble ("RUB") 500,000,000 which was equivalent to RMB40,135,000 (the "RUB borrowing"), the interest rate of the remaining unsecured borrowings was 2.40% to 6.19% per annum. Both the TRY borrowing and the RUB borrowing were fully paid in the first half of 2024.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 26 Borrowings (continued)

Notes (continued):

- (c) On December 17, 2020, the Group completed the issuance of 7-Year US\$855,000,000 zero coupon guaranteed convertible bonds due on December 17, 2027 (the “Bonds”) to third party professional investors (the “bondholders”). 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 outstanding principal amount of the Bonds is repayable by the Group upon the maturity of the Bonds on December 17, 2027, if not previously redeemed, converted or purchased and cancelled.

The liability component of the Bonds recognized in the balance sheet are calculated as follows:

	RMB'000
Liability component as of January 1, 2024	5,042,891
Interest accrued	59,530
Effect of foreign currency translation	90,549
<b>Liability component as of June 30, 2024</b>	<b>5,192,970</b>

	RMB'000
Liability component as of January 1, 2023	4,734,741
Interest accrued	110,475
Effect of foreign currency translation	181,987
<b>Liability component as of June 30, 2023</b>	<b>5,027,203</b>

The equity component of the Bonds of RMB1,764,799,000 was included in “Reserves” of the Group as of June 30, 2024 and December 31, 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**27 Deferred income tax**

The amount of offsetting deferred income tax assets and liabilities is RMB1,058,500,000 as of June 30, 2024 (December 31, 2023: RMB497,823,000).

The gross movement on the deferred income tax assets is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>At the beginning of the period</b>	<b>2,658,573</b>	2,976,586
Credited to the interim condensed consolidated income statements	<b>560,895</b>	232,264
<b>At the end of the period</b>	<b>3,219,468</b>	3,208,850

The gross movement on the deferred income tax liabilities is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>At the beginning of the period</b>	<b>(1,992,110)</b>	(1,681,667)
Debited to the interim condensed consolidated income statements	<b>(196,645)</b>	(237,506)
<b>At the end of the period</b>	<b>(2,188,755)</b>	(1,919,173)



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(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 purpose of 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 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 purpose 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 INTERIM FINANCIAL INFORMATION

(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 purpose 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 Board of Directors of the Company adopted the establishment of the 2024 Xiaomi HK Share Scheme. The purpose of the 2024 Xiaomi HK Share Scheme are (1) to align the interests of eligible persons with those of Xiaomi H.K. Limited ("**Xiaomi HK**", a wholly owned subsidiary of the Company) through ownership of the ordinary shares in the share capital of Xiaomi HK ("**Xiaomi HK Shares**"), dividends and other distributions paid on shares and/or the increase in value of Xiaomi HK Shares, and (2) to encourage and retain eligible persons to make contributions to the long-term growth and profits of Xiaomi HK. The aggregate number of Xiaomi HK Shares underlying all grants made pursuant to the 2024 Xiaomi HK Share Scheme will not exceed 1,000,000,000 shares without shareholder's approval.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**28 Share-based payments (continued)****Pre-IPO ESOP****Share options granted to employees**

Movements in the number of share options granted to employees 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, 2024	270,705,124	0.02
Forfeited during the period	(5,363,472)	0.12
Transferred to Share Scheme Trusts	(8,992,348)	0.10
Exercised during the period	(16,442,700)	0.30
Outstanding as of June 30, 2024 (unaudited)	239,906,604	0.22
Exercisable as of June 30, 2024 (unaudited)	210,050,925	0.26
Outstanding as of January 1, 2023	345,873,793	0.05
Forfeited during the period	(10,565,000)	0.11
Transferred to Share Scheme Trusts	(4,735,000)	0.12
Exercised during the period	(37,908,270)	0.17
Outstanding as of June 30, 2023 (unaudited)	292,665,523	0.03
Exercisable as of June 30, 2023 (unaudited)	237,503,023	0.25

The weighted average remaining contract life for outstanding share options was 1.94 years and 2.51 years as of June 30, 2024 and December 31, 2023, respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**28 Share-based payments (continued)****2018 Share Option Scheme****Share options granted to employees**

Movements in the number of share options granted to employees 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, 2024	120,700,000	24.53
Granted during the period	—	—
Forfeited during the period	—	—
Exercised during the period	—	—
Outstanding as of June 30, 2024 (unaudited)	120,700,000	24.53
Exercisable as of June 30, 2024 (unaudited)	12,100,000	24.01
Outstanding as of January 1, 2023	120,700,000	24.53
Granted during the period	—	—
Forfeited during the period	—	—
Exercised during the period	—	—
Outstanding as of June 30, 2023 (unaudited)	120,700,000	24.53
Exercisable as of June 30, 2023 (unaudited)	7,425,000	23.55

The weighted average remaining contract life for outstanding share options was 6.16 years and 6.69 years as of June 30, 2024 and December 31, 2023, respectively.

***Fair value of share options***

The Group has used the Binomial option-pricing model to determine the fair value of the share option as of the grant date.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**28 Share-based payments (continued)****2018 Share Award Scheme****RSUs granted to employees**

Movements in the number of RSUs granted to the Company's employees 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, 2024	614,195,710	15.24
Forfeited during the period	(21,673,907)	16.22
Transferred to Share Scheme Trust	(126,697,633)	15.49
Outstanding as of June 30, 2024 (unaudited)	465,824,170	15.13
Outstanding as of January 1, 2023	569,589,764	16.86
Granted during the period	238,816,959	11.69
Forfeited during the period	(29,087,998)	16.46
Transferred to Share Scheme Trust	(62,552,106)	14.61
Outstanding as of June 30, 2023 (unaudited)	716,766,619	15.35

The weighted average remaining contract life for outstanding RSUs was 7.93 years and 8.38 years as of June 30, 2024 and December 31, 2023, respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**28 Share-based payments (continued)****2023 Share Scheme****RSUs granted to employees**

Movements in the number of RSUs granted to the Company's employees 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, 2024	145,582,239	13.39
Granted during the period	187,654,266	15.19
Forfeited during the period	(9,755,477)	14.05
Transferred to Share Scheme Trust	(2,825,382)	14.08
Outstanding as of June 30, 2024 (unaudited)	320,655,646	14.42

The weighted average remaining contract life for outstanding RSUs was 9.48 and 9.64 years as of June 30, 2024 and December 31, 2023, respectively.

The total expenses recognized in the interim condensed consolidated income statements in connection with share options and RSUs granted to the Group's employees under all share-based payment schemes are RMB1,799,516,000 and RMB1,522,695,000 for the six months ended June 30, 2024 and 2023, respectively.

**Employee fund**

On August 31, 2014, the Board of Directors of the Company approved the establishment of Employee Fund with the purpose of which is to invest in companies within the business ecosystem of the Group. The Company invited certain employees to participate, with the condition that they would only receive the original investment sum with interest should they decide to resign from the Group within 5 years from the establishment date (the "Lockup Period"). Upon the end of the Lockup Period, the holders would become the equity holders of the Employee Fund. According to the arrangement of Employee Fund, the equity holders of the Employee Fund can demand the Company to buy back the shares at fair value or continue to hold the shares when they resign after the Lockup Period. The Group measures the liability related to cash-settled share-based payments at fair value as of June 30, 2024.

The total expenses recognized in the interim condensed consolidated income statements for the Employee Fund granted to the Group's employees are RMB63,089,000 and RMB67,554,000 for the six months ended June 30, 2024 and 2023, respectively.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**28 Share-based payments (continued)****Share based awards granted to Lei Jun**

On June 17, 2018, Lei Jun was granted 42,070,000 share options in Xiaomi Finance Inc. (“**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 six months ended June 30, 2024 and 2023, respectively.

**29 Other non-current liabilities**

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Liabilities to fund investors (Note (a))	12,991,867	13,803,045
Lease liabilities (Note 23)	2,564,811	1,256,155
Payables for purchase of intangible assets	1,818,823	2,768,401
Deferred government grants	2,132,950	2,115,561
Others	76,033	71,111
	<b>19,584,484</b>	<b>20,014,273</b>

Note:

- (a) It represents the funds raised by the third party investors under 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**30 Trade payables**

Trade payables primarily include payables for inventories. As of June 30, 2024 and December 31, 2023, the carrying amounts of trade payables were primarily denominated in RMB, US\$ and INR.

Trade payables and their aging analysis based on invoice date are as follows:

	<b>As of June 30, 2024 RMB'000 (Unaudited)</b>	<b>As of December 31, 2023 RMB'000 (Audited)</b>
Up to 3 months	53,295,778	52,493,579
3 to 6 months	9,135,655	4,809,809
6 months to 1 year	2,278,547	3,039,535
1 to 2 years	1,146,819	1,001,272
Over 2 years	915,674	754,305
	<b>66,772,473</b>	<b>62,098,500</b>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 31 Other payables and accruals

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Amounts collected for third parties	826,695	858,632
Payroll and welfare payables	2,324,335	3,120,400
Deposits payable	5,054,747	4,761,399
Employee fund (Note 28)	923,594	864,840
Accrual expenses	3,726,424	2,742,593
Payables for construction cost	2,012,640	2,220,127
Other taxes payables	1,569,830	1,648,291
Lease liabilities (Note 23)	1,802,622	712,011
Deposits from customers	1,607,061	1,519,475
Deferred government grants	2,799,711	2,771,695
Payables for purchase of intangible assets	1,953,241	2,390,221
Liabilities to fund investors (Note 29)	317,907	—
Others	2,454,827	2,004,966
	<b>27,373,634</b>	<b>25,614,650</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

### 32 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 Technology India Private Limited (“**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 has been attached and thereby INR46,165,134,000 (equivalent to RMB4,023,291,000) has been considered as restrictive as of June 30, 2024 (December 31, 2023: INR45,321,947,000 (equivalent to RMB3,874,120,000)). 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 June 30, 2024 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 INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**33 Commitments****(a) Capital commitments**

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Property, plant and equipment	1,063,664	1,068,216
Intangible assets	5,969	5,932
Investments	1,180,746	857,726
	<b>2,250,379</b>	<b>1,931,874</b>

**(b) Operating lease commitments**

The Group leases offices, warehouses, retail stores and servers under non-cancellable operating 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, see Note 23 for further information. The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Not later than 1 year	23,811	278,368
Later than 1 year and not later than 5 years	459,819	550,153
Later than 5 years	809,309	825,079
	<b>1,292,939</b>	<b>1,653,600</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**34 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 and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods 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**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(i) Sales of goods and services to</b>		
Associates of the Group	<b>330,383</b>	200,339
Associates of Lei Jun	<b>7,405</b>	36,422
	<b>337,788</b>	236,761
<b>(ii) Purchases of goods and services from</b>		
Associates of the Group	<b>19,291,976</b>	13,900,417
Associates of Lei Jun	<b>916</b>	1,449
	<b>19,292,892</b>	13,901,866

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 34 Related party transactions (continued)

## (b) Period/year end balances with related parties

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>(i) Trade receivables from related parties</b>		
Associates of the Group	159,935	133,432
Associates of Lei Jun	2,680	2,921
	<b>162,615</b>	<b>136,353</b>
<b>(ii) Trade payables to related parties</b>		
Associates of the Group	8,380,363	9,698,412
Associates of Lei Jun	4,553	2,572
	<b>8,384,916</b>	<b>9,700,984</b>
<b>(iii) Prepayments and other receivables from related parties</b>		
Associates of the Group	323,764	251,536
Associates of Lei Jun	21,672	37,478
	<b>345,436</b>	<b>289,014</b>
<b>(iv) Other payables and accruals to related parties</b>		
Associates of the Group	126,160	78,141
Associates of Lei Jun	82,034	82,799
	<b>208,194</b>	<b>160,940</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 34 Related party transactions (continued)

## (b) Period/year end balances with related parties (continued)

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>(v) Advance from customers</b>		
Associates of the Group	100,950	65,271
Associates of Lei Jun	9,889	10,570
	<b>110,839</b>	<b>75,841</b>

All the balances with related parties above were unsecured, non-interest bearing and repayable within one year.

## (c) Loans to related parties

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Loans to associates:</b>		
At the beginning of the period	50,424	1,936
Loans repaid	—	(2,761)
Interest charged	1,968	—
Allowance for impairment reversed	—	757
Currency translation differences	—	68
	<b>52,392</b>	<b>—</b>

The above loans to related parties were included in "Prepayments and other receivables" in the interim condensed consolidated balance sheet.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

**34 Related party transactions (continued)****(d) Key management compensation**

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries	9,678	10,985
Discretionary bonuses	21,400	—
Share-based compensation	225,697	140,931
Employer's contribution to pension schedule	844	892
	<b>257,619</b>	<b>152,808</b>

**35 Events after the reporting period**

The Company has repurchased 39,500,000 Class B ordinary shares of the Company in July 2024 at a total consideration of approximately HK\$656,099,000.

# 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
“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
“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 mainland China on December 21, 2010 and our indirect wholly-owned subsidiary
“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 mainland China on February 10, 2010 and our Consolidated Affiliated Entity
“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 mainland China on July 1, 2014 and our Consolidated Affiliated Entity
“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 mainland China on May 8, 2014 and our Consolidated Affiliated Entity
“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 mainland China on June 1, 2009 and our Consolidated Affiliated Entity
“Beijing Wenmi”	Beijing Wenmi Culture Co., Ltd.* (北京文米文化有限公司), a limited liability company established under the laws of mainland China on December 28, 2016 and our wholly-owned subsidiary



“Board”	our board of Directors
“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)
“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

## DEFINITIONS

<b>“Contractual Arrangements”</b>	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
<b>“Controlling Shareholder(s)”</b>	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
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”, “our Group”, or “the Group”</b>	the Company, its subsidiaries and the PRC Operating Entities (the financial results of which have been consolidated and accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements) from time to time
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hong Kong dollars” or “HK dollars” or “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Latest Practicable Date”</b>	September 6, 2024, being the latest practicable date prior to the bulk printing and publication of this interim report
<b>“Listing”</b>	the listing of the Class B Shares on the Main Board of the Stock Exchange
<b>“Listing Rules”</b>	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
<b>“Main Board”</b>	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
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules

<b>“Onshore Holdcos” each a “Onshore Holdco”</b>	(i) Beijing Wali Culture, (ii) Rigo Design, (iii) Xiaomi Inc., (iv) Beijing Duokan, (v) Beijing Wali Internet, (vi) Xiaomi Pictures, (vii) Beijing Electronic Software and (viii) Youpin Information Technology
<b>“PRC”</b>	the People’s Republic of China
<b>“PRC Legal Advisor”</b>	JunHe LLP
<b>“Pre-IPO ESOP”</b>	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
<b>“Prospectus”</b>	the prospectus of the Company dated June 25, 2018
<b>“Registered Shareholders”</b>	the registered shareholders of the Onshore Holdcos
<b>“Reporting Period”</b>	the six months ended June 30, 2024
<b>“Reserved Matters”</b>	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
<b>“Rigo Design”</b>	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 mainland China on April 24, 2012 and our Consolidated Affiliated Entity
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of mainland China
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

## DEFINITIONS

“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
“Tianjin Commercial Factoring”	Xiaomi Commercial Factoring (Tianjin) Co., Ltd* [小米商業保理（天津）有限責任公司], a limited liability company established under the laws of mainland China on March 21, 2018 and our indirect wholly-owned subsidiary
“treasury Shares”	has the meaning ascribed to it under the Listing Rules which came into effect on June 11, 2024, 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”	Beijing Baien, Xiaomi Mobile Software, Beijing Wenmi, Beijing Digital Technology, Tianjin Commercial Factoring, Beijing Wali, Xiaomi Communications 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 mainland China on August 25, 2010 and our indirect wholly-owned subsidiary
“Xiaomi Finance”	Xiaomi Finance Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 15, 2018 and our direct wholly-owned subsidiary
“Xiaomi HK”	Xiaomi H.K. Limited, a limited liability company incorporated under the laws of Hong Kong on April 7, 2010 and a subsidiary of the Company
“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 mainland china on March 3, 2010 and our Consolidated Affiliated Entity
“Xiaomi Pictures”	Xiaomi Pictures Co., Ltd.* (小米影業有限責任公司), a limited liability company established under the laws of mainland China on June 7, 2016 and our Consolidated Affiliated Entity
“Xiaomi Youpin Technology”	Xiaomi Youpin Technology Co. Ltd.* (小米有品科技有限責任公司), a limited liability company established under the laws of mainland China on May 8, 2018 and our indirect wholly-owned subsidiary
“XMF Share Option Scheme I”	the first share option scheme adopted by Xiaomi Finance on June 17, 2018, as amended from time to time
“%”	per cent
“2018 Share Award Scheme”	the share award scheme adopted by the Company on June 17, 2018

## DEFINITIONS

<b>“2018 Share Option Scheme”</b>	the share option scheme adopted by the Company on June 17, 2018 as amended from time to time
<b>“2023 Share Scheme”</b>	the share scheme adopted by the Company on June 8, 2023 as amended from time to time
<b>“2024 Xiaomi HK Share Scheme”</b>	the share scheme adopted by Xiaomi HK on June 6, 2024, being the date on which the scheme is approved by the Shareholders in a general meeting

\* For identification purposes only.

