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This announcement and the listing document referred to herein are for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities referred to herein. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Company for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

This announcement is not an invitation or offer of securities of the Company for sale or acquisition, or the solicitation of an offer to buy securities of the Company, in the United States or in any other jurisdiction in which such invitation, offer, acquisition, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor any copy hereof may be taken into or distributed in the United States or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, as amended, and applicable state or local securities laws. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. No public offer of the securities referred to herein is being or will be made in the United States.

Kuaishou Technology
快手科技

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

(HKD Counter Stock Code: 01024 / RMB Counter Stock Code: 81024)

CNY3,500,000,000 2.450% SENIOR NOTES DUE 2031
(Debt Stock Code: 85103)

Joint Global Coordinators, Joint Lead Managers, and Joint Bookrunners

UBS	**BofA Securities**	**Morgan Stanley**	**Jefferies**	**Industrial Bank Co., Ltd. Hong Kong Branch**

Joint Lead Managers and Joint Bookrunners

ICBC (Asia)	**Bank of China (Hong Kong)**	**CITIC Securities**	**SPDB International**	**CMBC Capital**	**Barclays**

PUBLICATION OF THE OFFERING MEMORANDUM

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

References are made to (i) the announcement of proposed issue of USD and CNY denominated senior notes dated January 14, 2026, (ii) the announcement of issuance of US$600,000,000 4.125% senior notes due 2031, US$900,000,000 4.750% senior notes due 2036 and CNY3,500,000,000 2.450% senior notes due 2031 dated January 16, 2026, and (iii) the notice of listing on The Stock Exchange of Hong Kong Limited dated January 23, 2026 published by Kuaishou Technology (the "**Company**").

Please refer to the offering memorandum dated January 15, 2026 (the "**Offering Memorandum**") appended hereto in relation to the issuance of CNY3,500,000,000 2.450% senior notes due 2031 (the "**Notes**"). The Offering Memorandum is published in English only. No Chinese version of the Offering Memorandum has been prepared.

Notice to Hong Kong investors: As disclosed in the Offering Memorandum, the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis. The Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Memorandum does not constitute a prospectus, notice, memorandum, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. In making an investment decision, prospective investors must rely on their examination of the Company and the terms of this offering, including the merits and risks involved.

By order of the Board
Kuaishou Technology
Mr. Cheng Yixiao
Chairman

Hong Kong, January 23, 2026

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Cheng Yixiao and Mr. Su Hua as executive Directors; Mr. Li Zhaohui, Mr. Zhang Fei and Mr. Wang Huiwen as non-executive Directors; Mr. Huang Sidney Xuande, Mr. Ma Yin and Ms. Lu Rong as independent non-executive Directors.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON OR ANY PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"))

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the "**offering memorandum**"). You are therefore advised to read this disclaimer carefully before reading, accessing, or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING MEMORANDUM AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE THE ATTACHED OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE ATTACHED OFFERING MEMORANDUM. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view the attached offering memorandum or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. The attached offering memorandum is being sent to you at your request and by accepting the e-mail and accessing the attached offering memorandum, you shall be deemed to have represented to us and the initial purchasers that (1) you are not in the United States and are not a U.S. person nor acting for the account or benefit of a U.S. person and, to the extent you purchase the securities described in the attached offering memorandum, you will be doing so pursuant to Regulation S; (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (3) you consent to delivery of the attached offering memorandum and any amendments or supplements thereto by electronic transmission. You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return the attached offering memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of the attached offering memorandum to any other person.

The attached offering memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the initial purchasers, the trustee (as defined in the attached offering memorandum) and the agents (as defined in the attached offering memorandum) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them (collectively "**associates**") accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The initial purchasers will provide a hard copy version to you upon request.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations etc.**") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Restrictions: The attached offering memorandum is being furnished in connection with an offering exempt from the registration requirement under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the offering memorandum.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, any initial purchaser, the trustee or the agents or any of their respective associates (as defined above) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by such initial purchasers or their affiliates on behalf of the Issuer in such jurisdiction.

UK MiFIR professionals/ECPs-only /No EEA or UK PRIIPS KID — Manufacturer target market (UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No EEA or UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.

You are reminded that you have accessed the attached offering memorandum on the basis that you are a person into whose possession the attached offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that You May Not Take: You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Kuaishou Technology
快手科技

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

(HKD Counter Stock Code: 01024 / RMB Counter Stock Code: 81024)

CNY3,500,000,000 2.450% Senior Notes due 2031
Issue Price: 100.00%

We are offering CNY3,500,000,000 principal amount of our 2.450% Senior Notes due 2031 (the "**Notes**"). The Notes will bear interest at a rate of 2.450% per year. Interest on the Notes will accrue from January 22, 2026. Interest will be paid on the Notes semi-annually in arrears on January 22 and July 22 of each year (each an "**Interest Payment Date**"), provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined elsewhere in this offering memorandum), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event shall be brought forward to the immediately preceding business day. Unless previously repurchased, canceled, or redeemed, the Notes will mature on the Interest Payment Date falling on or nearest to January 22, 2031.

We may at our option redeem the Notes in whole but not in part at a redemption price of 100% of principal amount thereof, plus accrued and unpaid interest, if any, at any time upon the occurrence of certain tax events. We may also at our option redeem the Notes at any time prior to December 22, 2030, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the redemption date. In addition, we may at our option redeem the Notes at any time on or after December 22, 2030, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the redemption date. Upon the occurrence of a Triggering Event (as defined elsewhere in this offering memorandum), we will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase.

The Notes are our senior unsecured obligations and will rank senior in right of payment to all of our existing and future obligations expressly subordinated in right of payment to the Notes, rank at least equal in right of payment with all of our existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law), and be effectively subordinated to all of our existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of our Controlled Entities (as defined elsewhere in this offering memorandum).

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the "**NDRC Administrative Measures**") promulgated by the PRC National Development and Reform Commission (the "**NDRC**") and effective on February 10, 2023 and any relevant implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated March 24, 2025 evidencing such registration. Pursuant to the NDRC Administrative Measures, we will cause to be filed the requisite information and documents required to be filed with the NDRC within the time period prescribed by the NDRC after the issue date of the Notes and comply with all reporting obligations under the NDRC Administrative Measures and any other applicable PRC laws and regulations in relation to the issue of the Notes.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 24.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Listing Rules**") ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: We confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, we confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or us or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other jurisdiction. For a description of certain restrictions on offers and sales of the Notes and the distribution of this offering memorandum, see "*Plan of Distribution*" and "*Transfer Restrictions*."

The Notes are expected to be assigned a rating of "A-" by S&P Global Ratings, "A3" by Moody's Investors Service Limited, and "A-" by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell, or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

The Notes initially will be represented by a global note in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**CMU Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Except in limited circumstances as described in the global note, owners of interests in the Notes represented by the global note will not be entitled to receive definitive Notes in registered certificated form in respect of their individual holdings of the Notes. The Notes are not issuable in bearer form. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**"), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator.

We are concurrently conducting an offering of certain USD-denominated senior unsecured notes, or the USD Notes, to (1) qualified institutional buyers, or QIBs, in reliance on Rule 144A under the Securities Act, and (2) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. The concurrent offering is not inter-conditional with this offering.

Joint Global Coordinators, Joint Lead Managers, and Joint Bookrunners

UBS	**BofA Securities**	**Morgan Stanley**	**Jefferies**	**Industrial Bank Co., Ltd. Hong Kong Branch**

Joint Lead Managers and Joint Bookrunners

ICBC (Asia)	**Bank of China (Hong Kong)**	**CITIC Securities**	**SPDB International**	**CMBC Capital**	**Barclays**

The date of this offering memorandum is January 15, 2026

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NOTICE TO INVESTORS

This offering memorandum does not constitute an offer of, or an invitation by or on behalf of us, the initial purchasers, the trustee or the agents or any of their respective associates (as defined above) to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to sell or a solicitation of an offer to buy in any jurisdiction or in any circumstances to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction or in such circumstances. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

This offering memorandum is being furnished by us in connection with the offering of the Notes and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this offering memorandum for any other purpose, make copies of any part of this offering memorandum or give a copy of it to any other person, or disclose any information in this offering memorandum to any other person. The information contained in this offering memorandum has been provided by us and other sources identified in this offering memorandum. Any reproduction or distribution of this offering memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Notes offered by this offering memorandum is prohibited. By accepting delivery of this offering memorandum each investor is deemed to have agreed to these restrictions.

IN CONNECTION WITH THIS OFFERING, ANY INITIAL PURCHASER, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS, AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES, IF UNDERTAKEN, WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGER, AND NOT FOR US OR ON OUR BEHALF.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR PRODUCT GOVERNANCE/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum does not constitute an offer of, or an invitation by or on behalf of the initial purchasers or us to subscribe for or purchase any of the Notes. The distribution of this offering memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this offering memorandum in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. See "*Plan of Distribution*" for a description of certain restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions. By purchasing the Notes, investors are deemed to have represented and agreed to all of those provisions contained in that section of this offering memorandum. We reserve the right to withdraw the offering of the Notes at any time, and the initial purchasers reserve the right to reject any commitment to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. In connection with the offering, the initial purchasers and/or their respective affiliates, or our affiliates, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. These entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of us, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the initial purchasers and/or their respective affiliates, or our affiliates as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

This offering memorandum is personal to the prospective investor to whom it has been delivered by the initial purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this offering

memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without our prior written consent is prohibited. The prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees not to make any photocopies of this offering memorandum or any documents referred to in this offering memorandum.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the Notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants, and other provisions contained in the indentures governing the Notes (the "**indentures**") and other transaction documents described herein. The information provided is not all-inclusive. We have obtained the market information in this offering memorandum from publicly available sources deemed to be reliable.

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with information that is different. This offering memorandum may only be used where it is legal to sell the Notes. The information in this document may only be accurate as of the date of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs and those of each of our subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this offering memorandum and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

The Notes are expected to be assigned a rating of "A-" by S&P Global Ratings, "A3" by Moody's Investors Service Limited, and "A-" by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell, or hold the Notes, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agency. A revision, qualification, suspension or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to us. We accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

In making an investment decision, prospective investors must rely on their examination of us and the terms of this offering, including the merits and risks involved. See "*Risk Factors*" below for a discussion of certain factors to be considered in connection with an investment in the Notes.

None of us, the initial purchasers, Citicorp International Limited (the "trustee", the "registrar" the "CMU lodging and paying agent" and the "transfer agent", and collectively with the registrar, the "agents"), nor any of our or their respective associates (as defined above) are making any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable laws. None of the initial purchasers, the trustee, the agents, nor any of their respective associates (as defined above), has independently verified all of the information contained in this offering memorandum. Each prospective investor should consult with its own advisors as to legal, tax, business, financial, and related aspects of a purchase of the Notes.

No representation or warranty, express or implied, is made or given by the initial purchasers, the trustee, the agents, or any of their respective associates (as defined above) as to the accuracy, completeness, or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation, or warranty by the initial purchasers, the trustee, the agents, or any of their respective associates (as defined above), whether as to the past or the future. This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of us, the initial purchasers, the trustee, the agents, or any of their respective associates (as defined above) that any recipient of this offering memorandum should purchase the Notes. Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the initial purchasers, the trustee, the agents, or any of their respective associates (as defined above) in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, or the Notes (other than as contained herein and information given by our duly authorized officers and employees, as applicable, in connection with investors' examination of us and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers, the trustee, the agents, or any of their respective associates (as defined above).

To the fullest extent permitted by law, none of the initial purchasers, the trustee or the agents or any of their respective associates (as defined above) accepts any responsibility for the contents of this offering memorandum and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the initial purchasers, the trustee or the agents or any of their respective associates (as defined above) or on their behalf in connection with us or the issue and offering of the Notes. Each of the initial purchasers, the trustee or the agents or any of their respective associates (as defined above) accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this offering memorandum or any such statement. None of the initial purchasers, the trustee or the agents or any of their respective associates (as defined above) undertakes to review the results of operations, financial condition or affairs of us or the Group during the life of the arrangements contemplated by this offering memorandum or to advise any investor or prospective investor in the Notes of any information coming to the attention of the initial purchasers, the trustee or the agents or any of their respective associates (as defined above).

The distribution of this offering memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. See "*Plan of Distribution*" for a description of certain restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain initial purchasers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI(s) may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of Notes will be subject to restrictions or require prior consent from the SEHK under the Listing Rules and other regulatory requirements or guidance issued by the SEHK from time to time (the "**SEHK Requirements**"), would be considered as "Restricted Investors". Notes may only be allocated to Restricted Investors in accordance with applicable SEHK Requirements. Prospective Investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Notes. Prospective investors who do not disclose that they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any initial purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the initial purchaser or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." If a prospective investor is otherwise affiliated with any initial purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant initial purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the initial purchasers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

AVAILABLE INFORMATION

At any time when we are neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will furnish, upon request, to any holder of the Notes, or any prospective purchaser designated by any such holder, information satisfying the requirements of Rule 144A(d)(4)(i) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

CONVENTIONS THAT APPLY TO THIS OFFERING MEMORANDUM

In this offering memorandum, unless otherwise indicated or unless the context otherwise requires:

- "2023 Share Incentive Scheme" refers to the share incentive scheme of the Company adopted at the annual general meeting held on June 16, 2023;
- "Administrator" refers to the administrator of the Post-IPO RSU Scheme, being the Board or the Chief Executive Officer, or person(s) to which the Board has delegated its authority;
- "AI" refers to artificial intelligence;
- "AIGC" refers to artificial intelligence generated content;
- "ARPPU" refers to average revenue per paying user, calculated by dividing monthly average revenue from the sale of virtual items and premium features during a certain period by the number of average MPUs during the same period;
- "ARR" refers to annualized revenue run rate;
- "Audit Committee" refers to the audit committee of the Board;
- "Auditor" refers to PricewaterhouseCoopers, the external auditor of the Company;
- "Beijing One Smile" refers to Beijing One Smile Technology and Development Co., Ltd. (北京一笑科技發展有限公司), a limited liability company incorporated under the laws of the PRC on November 29, 2011 and a Consolidated Affiliated Entity;
- "Board" or "Board of Directors" refers to the board of Directors of the Company;
- "BVI" refers to the British Virgin Islands;
- "CAGR" refers to compound annual growth rate;
- "Chief Executive Officer" refers to the chief executive officer of the Company;

- "Class A Shares" refers to class A ordinary shares of the share capital of the Company with a par value of US$0.0000053 each, conferring weighted voting rights in the Company such that a holder of Class A Share is entitled to 10 votes per share on any resolution tabled at the Company's general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share;

- "Class B Shares" refers to class B ordinary shares of the share capital of the Company with a par value of US$0.0000053 each, conferring a holder of Class B Share one vote per share on any resolution tabled at the Company's general meeting;

- "Clearstream" refers to Clearstream Banking S.A.;

- "CMU" refers to the Central Moneymarkets Unit Service;

- "Companies Ordinance" or "Hong Kong Companies Ordinance" refers to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time;

- "Company", "Kuaishou", "Issuer", "we" or "us" refers to Kuaishou Technology (快手科技), an exempted company incorporated in the Cayman Islands with limited liability on February 11, 2014;

- "connected person(s)" has the meaning ascribed to it in the Listing Rules;

- "Consolidated Affiliated Entities" refers to the entities that the Company controls through a set of Contractual Arrangements;

- "Contractual Arrangements" refers to the series of contractual arrangements entered into between WFOE, PRC Holdcos and the Registered Shareholders (as applicable);

- "Corporate Governance Committee" refers to the corporate governance committee of the Board;

- "DAU(s)" refers to daily active user(s), which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the day;

- "Director(s)" refers to the director(s) of the Company;

- "eCPM" refers to effective cost per mille;

- "Employee Participant(s)" refers to the Director(s) and employee(s) of any member of the Group (including persons who are granted options and/or RSUs under the 2023 Share Incentive Scheme as an inducement to enter into employment contracts with the Group);

- "EUWA" refers to the European Union (Withdrawal) Act 2018;

- "Euroclear" refers to Euroclear Bank SA/NV;

- "FSMA" refers to the Financial Services and Markets Act 2000;

- "generative AI market" refers to spending on hardware devices and infrastructure for inference and training, generative AI software for AI assistant, coding and DevOps workflows, workload infrastructure, drug discovery, cybersecurity and education, generative AI based gaming spending, ad spending, IT services, and business services;

- "Global Offering" refers to the global offering of the Class B shares;

- "GMV" refers to gross merchandise value, the total value of all orders for products and services placed on, or directed to the Group's partners through, the Group's platform, regardless of whether the order is settled or returned, excluding single transactions of RMB100,000 or greater and any series of transactions from a single buyer totaling RMB1,000,000 or greater in a single day, unless they are settled;

- "Group" refers to the Company, its subsidiaries and the Consolidated Affiliated Entities, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the time;

- "Hangzhou Youqu" refers to Hangzhou Youqu Network Co., Ltd. (杭州遊趣網絡有限公司), a limited liability company incorporated under the laws of the PRC on July 7, 2008 and a Consolidated Affiliated Entity;

- "HK$" refers to Hong Kong dollars, the lawful currency of Hong Kong;

- "Hong Kong" refers to the Hong Kong Special Administrative Region of the PRC;

- "IFRS Accounting Standards" refers to the International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board;

- "Ke Yong" refers to Ke Yong Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Cheng Yixiao;

- "KOL(s)" refers to key opinion leader(s);

- "Kuaishou App" refers to collectively, Kuaishou Flagship, Kuaishou Express and Kuaishou Concept mobile apps;

- "MAUs" refers to monthly active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the calendar month;

- "MCT" refers to the Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅遊部);

- "Model Code" refers to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules;

- "MPUs" monthly paying users, which is the number of paying players in the relevant calendar month. Average MPUs for a particular period is the average of the MPUs in each month during that period;

- "Nomination Committee" refers to the nomination committee of the Board;

- "NRTA" refers to the National Radio and Television Administration of the PRC (中華人民共和國國家廣播電視總局);

- "Offering" refers to this offering of the Notes;

- "Pari Passu Debts" refers to debt securities of the same class as the Notes;

- "paying users" refers to user accounts that purchase a particular service at least once during a given period;

- "Post-IPO RSU Scheme" refers to the post-IPO restricted share unit scheme adopted by the Company on January 18, 2021 and terminated on June 23, 2023;

- "Post-IPO Share Option Scheme" refers to the post-IPO share option scheme adopted by the Company on January 18, 2021 and terminated on June 23, 2023;

- "PRC", "China" or "Chinese Mainland" refers to the People's Republic of China, but for the purposes of this offering memorandum only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

- "PRC Holdcos" refers to (i) Hangzhou Youqu, (ii) Beijing Huayi Huilong Network Technology Co., Ltd, and (iii) Beijing One Smile;

- "Pre-IPO ESOP" refers to the pre-IPO employee incentive scheme adopted by the Company on February 6, 2018 and terminated on February 5, 2021;

- "PwC" refers to PricewaterhouseCoopers, Certified Public Accountants;

- "Reach Best" refers to Reach Best Developments Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Su Hua;

- "Registered Shareholder(s)" refers to registered shareholder(s) of shares of PRC Holdcos;

- "Related Entity Participant(s)" refers to director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company;

- "Remuneration Committee" refers to the remuneration committee of the Board;

- "Reserved Matters" refers to 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 of the Company, being: (i) any amendment to the memorandum or articles of association of the Company, 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;

- "RMB" or "Renminbi" refers to the lawful currency of the PRC;

- "ROI" refers to return on investment;

- "RSU" refers to restricted share unit;

- "SAFE" refers to the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);

- "SAMR" refers to the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局);

- "SEHK" or "Stock Exchange" refers to The Stock Exchange of Hong Kong Limited;

- "Service Provider(s)" refers to person(s) and/or corporate entity(ies) who provide(s) services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, namely the strategic consulting consultants, industry research consultants, and other service providers, but excluding (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity;

- "SFC" refers to the Securities and Futures Commission of Hong Kong;

- "SFC Code" refers to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission;

- "SFO" refers to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;

- "Shareholder(s)" refers to holder(s) of the Shares;

- "Share(s)" refers to the Class A Shares and Class B Shares in the capital of the Company, as the context so requires;

- "State Council" refers to the State Council of the PRC (中華人民共和國國務院);

- "subsidiary" or "subsidiaries" has the meaning ascribed to it under the Companies Ordinance;

- "substantial shareholder" has the meaning ascribed to it in the Listing Rules;

- "Tencent" refers to Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be;

- "Tencent Computer" refers to Shenzhen Tencent Computer Systems Company Limited;

- "Term SOFR" refers to the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York for a fixed future term;

- "United States" or "U.S." refers to the United States of America, its territories, its possessions and all areas subject to its jurisdiction;

- "US$" or "USD" refers to United States dollars, the lawful currency for the time being of the United States;

- "VAT" refers to value-added taxes;
- "VIE" or "VIEs" refers to variable interest entity or variable interest entities;
- "WFOE" or "Beijing Dajia" refers to Beijing Dajia Internet Information Technology Co., Ltd. (北京達佳互聯信息技術有限公司), a limited liability company incorporated under the laws of the PRC on July 2, 2014 and an indirect wholly-owned subsidiary of the Company;
- "weighted voting right" has the meaning ascribed to it in the Listing Rules; and
- "%" refers to per cent.

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

Our reporting currency is Renminbi because our business is primarily conducted in China and most of our revenue is denominated in Renminbi. This offering memorandum contains translations from Renminbi to U.S. dollars based on the exchange rate set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System solely for the convenience of the reader. Unless otherwise stated, all amounts in this offering memorandum have been translated from Renminbi to U.S. dollars at a rate of RMB7.1190 per US$1.00, which was the exchange rate in effect as of September 30, 2025. We make no representation that any Renminbi or U.S. dollar amounts referred to in this offering memorandum could have been, or could be, converted to U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange.

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information, and industry publications. In many cases, there is no readily available external information (whether from trade associations, government bodies, or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding our industry, our position in the industry, our market and segment share, and the market and segment shares of various industry participants based on experience, our own investigation of market conditions, and our review of industry publications, including information made available to the public by our competitors. Although this information is believed to be reliable, it has not been independently verified by us or the initial purchasers, the trustee, the agents or any of their respective associates, and neither we, the initial purchasers, the trustee, the agents, nor any of their respective associates (as defined above) make any representation as to the

accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside of China. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements/information included elsewhere in this offering memorandum are prepared in accordance with all applicable IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance, which differ in certain respects from generally accepted accounting principles in the United States and in certain other countries. There could be significant differences between IFRS Accounting Standards and generally accepted accounting principles in the United States and in certain other countries as applied to the Company. We have made no attempt to describe or quantify the impact of those differences or reconcile to its IFRS Accounting Standards financial information to accounting principles generally accepted in the United States and other countries. Accordingly, such information is not available to investors. In making an investment decision, investors must rely upon their own examination of us, the terms of the Notes, and the consolidated financial statements/information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS Accounting Standards and accounting principles generally accepted in other countries, including the United States, and how those differences might affect the consolidated financial statements/information presented herein.

This offering memorandum contains non-IFRS Accounting Standards financial measures that are not required by, or presented in accordance with, IFRS Accounting Standards, including adjusted net (loss)/profit and adjusted EBITDA. We believe that the presentation of non-IFRS Accounting Standards 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. We also believe that the non-IFRS Accounting Standards measures are appropriate for evaluating our operating performance. However, the use of these non-IFRS Accounting Standards measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

FORWARD-LOOKING STATEMENTS

Certain statements in this offering memorandum are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. All statements other than statements of historical facts contained in this offering memorandum constitute "forward-looking statements." Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "may," "seek," "should," "intend," "plan," "projection," "can," "would," "could," "vision," "goals," "aim," "objective," "target," "schedules," and "outlook") are not historical facts, are forward-looking, and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this offering memorandum), uncertainties, and other factors, some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to us discussed in this offering memorandum regarding matters that are not historical facts.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties, and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- our business and growth strategies and our ability to implement such strategies;
- our ability to develop and manage our expanding operations;
- our ability to control operating costs and expenses;
- the actions and developments of our competitors;
- our ability to maintain and enhance our brands;
- our ability to adopt new technologies or to adapt our apps, websites and systems;

- changes to the laws, rules and regulatory and operating conditions of the central and local governments in the PRC and other relevant jurisdictions in which we operate and the rules, regulations and policies of the relevant government authorities relating to all aspects of our business and the industries in which we operate;

- natural disasters, industrial action, terrorist attacks and other events beyond our control; and

- all other risks and uncertainties associated with industries in which we operate and described in "*Risk Factors*."

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements due to a number of factors, including factors disclosed under "*Risk Factors*" and elsewhere in this offering memorandum.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity; the development of the industry in which we operate; and the effect of acquisitions on us may differ materially from the results or developments that may be suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity; the development of the industry in which we operate; and the effect of acquisitions on us are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events, or otherwise. Because of these risks, uncertainties, or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ENFORCEABILITY OF FOREIGN JUDGMENTS AND CIVIL LIABILITIES

We were incorporated under the laws of the Cayman Islands as an exempted company with limited liability, because of certain benefits associated with being a Cayman Islands exempted company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions, and the availability of professional and support services. However, the Cayman Islands has a less developed body of securities laws than the United States and provides less protection for investors. In addition, Cayman Islands companies do not have standing to sue before the federal courts of the United States.

A majority of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce judgments obtained in U.S. courts against us or them, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state in the United States. It may also be difficult for you to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors.

Appleby, our legal counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (1) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Appleby has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment *in personam* obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (i) is given by a competent foreign court with jurisdiction to give the judgment, (ii) imposes on the judgment debtor a liability (to pay a liquidated sum for which the judgment has been given), (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. There is uncertainty with regard to Cayman Islands law relating to whether a judgment obtained from the United States courts under civil liability provisions of the securities laws of the United States will be determined by the courts of the Cayman Islands as penal or punitive in nature. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S.

courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Haiwen & Partners, our counsel as to the laws of the PRC, has advised us that there is uncertainty as to whether the PRC courts would (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Haiwen & Partners has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. The PRC's courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between the PRC and the country where the judgment is made or on principles of reciprocity between jurisdictions. The PRC does not have any treaties or other form of reciprocal arrangements with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of China's law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a court in the PRC would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

In addition, it will be difficult for holders of the Notes to originate actions against us in China in accordance with the PRC's laws because we are incorporated under the laws of the Cayman Islands and it will be difficult to establish a connection to China for the PRC's court to have jurisdiction as required under the PRC Civil Procedures Law.

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire offering memorandum before making an investment decision to purchase the Notes.

Our Mission and Vision

We aim to be the most customer-obsessed company in the world, with a vision to build the most heartwarming and trustworthy online community.

Who We Are

We are China's second largest short video company and China's third largest App, in terms of total user time spent penetration, according to QuestMobile in September 2025. We enable people to record and share their life experiences. We are dedicated to building a community where everyone has a chance to be seen and heard. We also offer rich and differentiated content serving a broader set of user interests and needs. We believe in engagement among people have value, so we have built a large and vibrant platform with significant interactions.

Artificial Intelligence is fundamental to our platform. Over the past decade, we have accumulated significant technological and AI capabilities by capitalizing on enormous market opportunities and sustaining our competitive advantage. Our top-notch content understanding, recommendation and generation capabilities, coupled with comprehensive data insights, allow us to deliver superior user experience, elevate user engagement, and offer unique value propositions to our business partners and users. Our next-generation large video generation model, Kling AI (可靈 AI), is the world's first user-accessible multi-modal large video generation model that has continually undergone over 30 iterations. Kling AI has consistently ranked as the world-leader in terms of text-to-video and image-to-video model performance, and realized industry-leading commercialization progress with ARR surpassing USD100 million in March 2025 within ten months after launch, and ARR exceeding USD240 million in December 2025 within nineteen months after launch.

We have achieved significant monetization with even greater future potential: we were the sixth largest online marketing platform in terms of revenue in 2024, according to Morketing, and the fifth largest e-commerce platform in China in terms of GMV in 2024, according to Syntun.

Our Platform and Ecosystem

- ***Users***. We are a popular platform for users wishing to record and share their lives. We help our users connect with a vast world of authentic content, resonating well with their daily lives and expanding their interests and horizons. As a result, a highly active user base with

numerous connections and interactions has grown through trusted social connections and engagement based on common interests. Our range of services ensures we can effectively cater to a variety of spontaneous user needs that arise on our platform during their fragmented time.

- ***Content***. Over time, we have built a massive content library and nurtured a vibrant content community. Our users have contributed to our vast and organically growing repository of short video and live streaming content. We deliver high quality content with distinctive Kuaishou characteristics through specialized vertical operations, further enriching our differentiated content community. Leveraging our optimized traffic mechanism underpinned by our technological capabilities and deep data insights, we effectively tailor the flow of content to align with individual user interests, delivering a personalized user experience.

- ***Business***. We provide business partners with massive and high quality user traffic as well as comprehensive solutions to help them reach and fulfill various needs of their target customers which arise on our platform with improving return on investment. We also have a diverse range of monetization channels across online marketing, live streaming, e-commerce, AI applications, and lifestyle services.

- ***Technology & Data***. Our advanced technologies and next-gen AI capabilities, alongside our extensive data insights, are the foundation of our ecosystem. This helps users effectively discover content and products which match their preferences and needs, encouraging them to seamlessly interact on the platform. These technologies also empower content creators with content generation and business partners with full lifecycle operations support. For example, our Kling AI aspires to empower the best storytelling with AI. Through our accumulated data insights and deep expertise in AI technologies, we are able to enhance understanding of our users' interests and behaviors, allowing us to continuously upgrade and expand our service offerings.

Our vibrant AI-powered platform has significant flywheel effects. Our high engaged user community and differentiated content ecosystem continuously amass data insights. Coupled with our leading technological capabilities, we are able to offer optimized solutions to our business partners and a diverse range of high quality offerings to our users, consistently elevating user experience and engagement.

Our Financial Performance

The flywheel effect we have experienced allows us to realize significant monetization opportunities across channels, as we address user needs naturally evolving on our platform. We monetize primarily through online marketing, live streaming, and other services (primarily e-commerce), capturing opportunities across channels and achieving significant revenue growth. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had total revenues of

RMB94.2 billion, RMB113.5 billion, RMB126.9 billion and RMB103.2 billion, respectively. Our total revenue growth has remained strong, growing by 20.5% from 2022 to 2023, by 11.8% from 2023 to 2024, and by 12.8% from the nine months ended September 30, 2024 to the same period ended September 30, 2025. We have also consistently improved our margin profile, including gross margin and adjusted EBITDA margin. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our gross margin was 44.7%, 50.6%, 54.6% and 55.0%, respectively. Our non-IFRS Accounting Standards adjusted EBITDA margin was 1.9%, 15.4%, 19.5% and 21.1% in 2022, 2023, 2024 and for the nine months ended September 30, 2025, respectively.

Our Strengths

Global-leading Short Video Platform Backed by Favorable Industry Fundamentals

We are China's second largest short video company and China's third largest App, in terms of total user time spent penetration, according to QuestMobile in September 2025. As the pioneer in the global short video industry, we have built a massive and highly engaged user base. In the third quarter of 2025, the average DAUs on the Kuaishou App reached 416 million and MAUs reached 731 million, consistently achieving quarterly record highs throughout 2025. The average daily time spent per DAU on the Kuaishou App was 134 minutes. At the center of our thriving community lies a prosperous and vibrant content ecosystem. As of September 2025, our average daily live streaming and short video views surpassed 100 billion.

Short video has become the go-to channel in China for content consumption and social interactions. As a fast-growing content format in China, the share of user time spent for short videos over the total mobile internet usage duration has grown approximately five times from December 2017 to December 2024, according to QuestMobile. As a result, advertisers and merchants are increasingly using short videos to reach their potential customers. According to iResearch, the market size of short video online marketing in China is expected to grow at a CAGR of 15% from 2021 to 2026, compared to overall online marketing CAGR of 10%. In addition, total addressable market for content-based e-commerce in China is expected to reach RMB8.2 trillion in 2026, growing at a CAGR of 24% from 2021. Furthermore, AI has emerged as a defining force across industries, reshaping how businesses evolve and compete and unlocking significant commercial value. Global generative AI market is expected to grow at a CAGR of 51% from USD93 billion to USD718 billion from 2023 to 2028, according to Bloomberg Intelligence.

As a global-leading short video platform, we are well-positioned to capture the tremendous industry opportunities, leveraging our world-leading technology and AI capabilities, large and highly engaged user community, massive and differentiated content library as well as vibrant business ecosystems with diversified monetization opportunities.

Industry-leading Technology and AI Capabilities Empowering Content and Business Ecosystems

We have deep-rooted corporate DNA of innovation and long-standing commitment to technological advancement. Artificial intelligence has been the foundation upon which short video platforms have risen and thrived. Over the past decade, we have established a deep reservoir of expertise and accumulated significant technological capabilities in AI, enabling us to capitalize on enormous market opportunities and sustain our competitive advantage over the long term. We have built top-notch content understanding and recommendation capabilities underpinned by deep data insights from our massive and highly engaged user base and our comprehensive and sophisticated proprietary algorithm architectures. Such capabilities contribute to our superior user experience and enhanced user engagement, enabling deeper data insights to further advance our content understanding and recommendation capabilities, creating a self-reinforcing cycle.

As AI continues to drive transformative changes in the industry, we have also developed next-generation large video generation model Kling AI. Kling AI is the world's first user-accessible multi-modal large video generation model underpinned by our deep understanding of the needs in video generation for professional creators and broader businesses across industries. Compared to general-purpose large language models, large video generation models such as Kling AI are differentiated with sophisticated functionalities to address complex use cases in professional video creation and highly controllable performance across multimodal inputs and outputs. Through continued iterations of over 30 times since launch, Kling AI exhibits industry-leading content generation performance with one-stop multi-modal capabilities. Kling AI 2.5 Turbo Model was ranked the world's No. 1 text-to-video model and image-to-video model in terms of task performance by Artificial Analysis within 10 days after launch in September 2025, and Kling achieved further technological breakthroughs with the launch of Kling 2.6 and Kling O1. As a result of its superior performance, Kling AI has also realized industry-leading progress in commercialization among large video generation models globally, with ARR surpassing USD100 million in March 2025 within ten months after launch, and ARR exceeding USD240 million in December 2025 within nineteen months after launch. Kling AI's revenue also exceeded RMB300 million in the third quarter of 2025.

In addition, we have further expanded scenario-based AI applications to empower our business ecosystem. In online marketing, our AI-enabled products deliver more precise targeting and higher conversion. In the third quarter of 2025, our domestic online marketing service revenue recorded an additional 4%-5% growth with the application of our recommendation large model OneRec and our generative reinforcement learning-based bidding model, G4RL. Total spending from online marketing services by business partners driven by AIGC marketing materials also exceeded RMB3 billion in the third quarter of 2025. In e-commerce, we empower merchants with AI applications such as OneSearch throughout their business cycle to improve their efficiency. In the third quarter of 2025, deployment of OneSearch enabled more precise product matching and drove nearly 5% growth in our shopping mall search order volume.

Furthermore, deployment of AI technologies has significantly improved our operational efficiency. Our proprietary AI coding tool, CodeFlicker, has become a core intelligent development tool used daily by our engineers. As of September 2025, nearly 30% of new codes developed by Kuaishou engineers were generated using CodeFlicker. We have also widely deployed AI technologies in the content review process.

Highly-engaged User Community with Authentic Experience

We have built a large and highly engaged user community with superior stickiness. Since inception, we have been dedicated to fostering a diverse, inclusive and vibrant community with authentic user experience and genuine user interactions. Our authentic community is built upon a diverse range of content that embraces all lifestyles and allows each individual to be seen and heard. In addition, we are a favored destination for trusted social experience with significant connections and interactions among users on our platform. As of September 30, 2025, we had nearly 42 billion pairs of mutual followers on our platform. In the nine months ended September 30, 2025, we achieved over 10 billion average daily interactions, including likes, comments, shares and bookmarks among short videos and live streams on Kuaishou App. Our all-encompassing platform caters to varied spontaneous user needs during their fragmented time across entertainment, social interactions, search, shopping, and lifestyle services, which directly contributed to the strong user engagement. Our DAUs on average spent over 134 minutes per day on Kuaishou App in the third quarter of 2025.

We also have built a massive user-centric and highly differentiated repository of content across formats, including short video and live streaming, as well as a variety of verticals, such as pan-knowledge, Three Rural (三農), short play, sports, ACGN and celebrities. In the third quarter of 2025, we had over 1.3 billion short video uploads each month on Kuaishou App. In addition, we are committed to cultivating a vibrant and diverse content creation ecosystem by promoting benchmark content creators featuring distinctive Kuaishou characteristics, and enhancing their engagement with followers and their monetization potential to further incentivize high quality content creation. Furthermore, we continually deliver an enhanced user experience and improve user retention, supported by our exceptional capabilities in large models for content understanding and recommendation as well as optimized traffic distribution mechanism between public domain traffic generated through open platforms and private domain traffic proprietary to our own channels.

Significant Flywheel Effects and Diversified Monetization Opportunities

We have built a vibrant platform with significant flywheel effects. Users are attracted to our platform by our high-quality product offerings, rich content library, and elevated user experience. As more users interact more frequently on our platform, we continue to collect deep and comprehensive data insights. Leveraging our AI capabilities, we are able to offer effective

solutions and high-quality user traffic to our business partners with improved ROI. This, in turn, attracts more merchants and advertisers to our platform, enhancing the diversity and quality of merchandise selections.

Our highly engaged platform has allowed us to capture diversified monetization opportunities via online marketing, live streaming, and e-commerce. We are the sixth largest online advertising platform in terms of revenue in 2024, according to Morketing. We are the fifth largest e-commerce platform in China in terms of GMV in 2024, according to Syntun. In the nine months ended September 30, 2025, our total e-commerce GMV grew by 16% year-over-year to RMB1.1 trillion. For live streaming, we have upheld a healthy monetization momentum by fostering a healthy, sustainable live streaming ecosystem and integrating online live streaming with offline scenarios. As our platform continues to grow, we are able to tap into diversified monetization opportunities to address the myriad user needs, such as AI applications and lifestyle services.

Robust Financial Profile with Improving Profitability and Strong Liquidity Position

We have achieved robust revenue growth and strong profitability from our operations. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had total revenues of RMB94.2 billion, RMB113.5 billion, RMB126.9 billion and RMB103.2 billion, respectively. Our total revenue growth has remained strong, growing by 20.5% from 2022 to 2023, by 11.8% from 2023 to 2024, and by 12.8% from the nine months ended September 30, 2024 to the same period ended September 30, 2025. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had non-IFRS Accounting Standards adjusted EBITDA of RMB1.8 billion, RMB17.4 billion, RMB24.8 billion and RMB21.8 billion, and non-IFRS Accounting Standards adjusted net loss of RMB5.8 billion, net profit of RMB10.3 billion, net profit of RMB17.7 billion and net profit of RMB15.2 billion, respectively.

We have been improving our margin profile. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our gross margin was 44.7%, 50.6%, 54.6% and 55.0%, respectively, benefitting from increased revenue contribution by high-margin businesses, along with more efficient server costs. Our non-IFRS Accounting Standards adjusted EBITDA margin was 1.9%, 15.4%, 19.5% and 21.1% in 2022, 2023, 2024 and for the nine months ended September 30, 2025, respectively, due to our enhanced cost control and operating efficiency, along with improved economies of scale.

We have also maintained a strong cash balance and a healthy liquidity position. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had net cash generated from operating activities of RMB795 million, RMB20.8 billion, RMB29.8 billion and RMB19.5 billion, respectively. As of September 30, 2025, we held cash and cash equivalents of RMB12.9 billion, and our total available funds was RMB106.6 billion, which included cash and cash equivalents,

time deposits, restricted cash, and financial assets that was mainly comprised of wealth management products and others. Our borrowings and lease liabilities as of September 30, 2025 were only RMB13.1 billion and RMB10.1 billion, respectively, resulting in a net cash position.

Visionary and Experienced Management Team Driving Value Creation through Technology

Our management team pioneered the short video platform model globally, with deep expertise spanning across product and engineering and a vision to build the most heartwarming and trustworthy online community. They have been visionaries who envisaged the market potential of content-based social platforms and led Kuaishou to mark a paradigm shift in content and user community in the mobile internet era. At the dawn of the AI era, our leadership captured the strategic potential of video generation AI and promptly introduced Kling AI with global recognition, positioning Kuaishou at the forefront of the AI revolution.

The fundamental measure of our success is the long-term value we create for our users, partners, Shareholders and society over the span of multiple decades. Our management remains dedicated to our technology-driven, user-centric business philosophy, pursuing to be the most customer-obsessed company in the world and driving value creation through innovation. Building upon the strategic vision, disciplined execution and proven track record, our leadership is well-positioned to harness AI-driven innovations, unlock the transformative opportunities of AI technology, fortify our ecosystem, and deliver long-term prosperity and sustainable growth.

Our Strategies

Continue to Advance Our Next-Generation AI Technology to Unlock Value Across Our Ecosystem

Technology remains the foundation of our growth, and AI is the core engine driving us to unlock significant value and growth potential across our ecosystem. We are committed to continually enhancing our AI capabilities in content understanding, recommendation and generation. Specifically, we will continue to invest in AI-related computing power and talents, to drive continuous technological upgrades and breakthroughs and to fortify our technology infrastructure.

In particular, we remain committed to using AI to empower better storytelling. We will continuously upgrade our Kling AI foundational model and its multi-modal product capabilities to develop more innovative features, catering to expanding user cases and diverse needs in video creation for professional creators and broader businesses. Furthermore, we will continue to explore additional monetization opportunities around Kling AI to further unlock its commercial value.

In addition, we will further enhance AI enablement to our business ecosystem. We will continue to iterate our recommendation large models such as OneRec and OneSearch, also extending their application scenarios to further empower our business partners in online marketing services and e-commence. Moreover, we will continue to expand deployment of AI technologies in our business operations and management to elevate our operational efficiency.

Continue to Expand Our User Community and Enhance Our User Experience

Our users form the bedrock of our content community and are the source of endless creativity. We remain committed to delivering sustained and high-quality user growth, with a focus on user acquisition and maintenance efficiency. We also aim to enhance user stickiness, by upgrading user experience through continuous iteration of our products and features.

We will continuously upgrade our users' social experience through iteration of interactive features such as private messaging and innovative gameplay. Furthermore, we will continue to optimize our traffic distribution mechanism to better align our commercial content with user retention, and upgrade our capabilities in large models for enhanced content understanding and recommendation, fostering a virtuous cycle and enabling us to elevate our users' personalized experience and improve user stickiness. Additionally, we will continue to leverage major influential events to reach a broader audience and expand our user base.

As a content-based social platform, we will continue to enrich our massive content library. We will further enhance our differentiated and high-quality content supply by promoting content that resonates with Kuaishou's users across various verticals and formats. Furthermore, we remain committed to empowering benchmark creators whose content represents Kuaishou's distinctive brand to gain exposure with audience and expand monetization potential.

Continue to Diversify and Improve Our Monetization Capabilities

We will diversify our monetization avenues and further enhance our monetization capabilities by continuously reinforcing the significant flywheel effects of our platform, addressing myriad and dynamic user needs more effectively with elevated operating efficiency.

For online marketing, we aim to attract more business partners across varied verticals to our platform and increase their marketing spend through iterations of our AI-powered differentiated solutions with enhanced targeting and conversion, as well as end-to-end enablement across the marketing management lifecycle of our advertising customers. For e-commerce, we will continue to drive high-quality supply growth by empowering merchants with comprehensive solutions including merchant incentive programs, omni-domain traffic support and intelligent tools. We will also further enhance the user experience and repeat-purchase frequency under our trust-based e-commerce ecosystem. For live steaming, we plan to further solidify our leadership by cultivating

high-quality content, strengthening the integration of online live streaming and offline scenarios, and leveraging AI-empowered product innovations. We will also keep empowering more traditional industries through "Live Streaming+" services.

To successfully navigate through the ever-evolving market dynamics, we will continue to diversify monetization channels and explore potential opportunities such as AI applications and lifestyle services. We believe that with the commitment to unlocking more monetization potential, we can create long-term value for our users, partners and Shareholders.

Further Enhance Our Profitability and Credit Profile

Benefiting from our diversified monetization avenues, we have achieved high-quality and sustainable growth with steadily improving profitability. Going forward, we will continue to optimize our revenue mix and diversify monetization channels. We will also continue to maintain an ROI-driven approach when assessing and pursuing incremental growth opportunities.

In addition, we aim to further improve profitability to strengthen our cash flow and financial profile. We will continue to drive profitability through enhanced operational optimization measures with improved efficiency. Furthermore, we will maintain a prudent cash management approach to further solidify our strong liquidity position, supporting long-term financial sustainability.

The following table presents our summary financial and other data. The summary financial data as of and for each of the years ended December 31, 2022, 2023 and 2024 is derived from our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 while the summary unaudited condensed consolidated interim financial information as of September 30, 2025 and for the nine months ended September 30, 2024 and 2025 is derived from our unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025, included elsewhere in this offering memorandum.

These audited consolidated annual financial statements have been audited by PwC in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**IAASB**"), while for the unaudited condensed consolidated interim financial information as of September 30, 2025 and for the nine months ended September 30, 2024 and 2025, PwC has performed a review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. The consolidated financial statements as of and for the years ended December 31, 2023 and 2024 as well as the unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025 have been prepared and presented in accordance with IFRS Accounting Standards. The summary financial data below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes to those audited consolidated financial statements and unaudited condensed consolidated interim financial information included elsewhere in this offering memorandum. The financial information as of September 30, 2025 and for the nine months ended September 30, 2024 and 2025 is not necessarily indicative of the financial condition or results that may be expected as of and for the year ended December 31, 2025 or comparable to the financial information as of and for the years ended December 31, 2022, 2023 and 2024, and should not be used as the basis for, or prediction of, an annualized calculation.

Therefore, our unaudited condensed consolidated interim financial information as of September 30, 2025 and for the nine months ended September 30, 2024 and 2025 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Joint Global Coordinators, the Joint Lead Managers and the Joint Bookrunners, the trustee or the agents or any of their respective directors, officers, employees, representatives, agents, advisers, or affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations.

Amounts in the Company's consolidated financial statements are stated in Renminbi. The translation of Renminbi amounts into U.S. dollars is for convenience only and has been made at the rate of RMB7.1190 per US$1.00 as of September 30, 2025 according to the H.10 statistical release of the Federal Reserve Board. No representation is made that Renminbi amounts have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Adoption of New Accounting Standards

In preparing the audited consolidated financial statements as of and for the year ended December 31, 2024, the Company has adopted amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements", from the effective date on January 1, 2024, and has not restated the prior years' financial statements/information as permitted under IFRS Accounting Standards. Therefore, the audited consolidated financial statements as of and for the year ended December 31, 2024 may not be comparable with the consolidated financial statements as of and for the years ended December 31, 2022 and 2023. For the impact on the adoption of these amendments, please refer to Note 2.1.1(a)(i) of the audited consolidated financial statements as of and for the year ended December 31, 2024. The adoption of the other new amendments did not have any significant impact on our consolidated financial statements for the respective years or periods. Potential investors should exercise caution when using such information to evaluate the Company's financial condition and results of operations.

Summary Consolidated Income Statements of the Company

	Year ended December 31,				Nine months ended September 30,		
	2022	2023	2024	2024	2024	2025	
	Audited	Audited	Audited	Unaudited	Unaudited	Unaudited	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*
Revenues	**94,183**	**113,470**	**126,898**	**17,825**	**91,514**	**103,208**	**14,498**
Cost of revenues	(52,052)	(56,079)	(57,606)	(8,092)	(41,345)	(46,478)	(6,529)
Gross profit	**42,131**	**57,391**	**69,292**	**9,733**	**50,169**	**56,730**	**7,969**
Selling and marketing expenses	(37,121)	(36,496)	(41,105)	(5,774)	(29,788)	(30,820)	(4,329)
Administrative expenses	(3,921)	(3,514)	(2,916)	(410)	(2,050)	(2,413)	(339)
Research and development expenses	(13,784)	(12,338)	(12,199)	(1,714)	(8,748)	(10,348)	(1,454)
Other income	1,547	978	533	75	346	96	13
Other (losses)/gains, net	(1,410)	410	1,682	237	1,090	1,602	226
Operating (loss)/profit	**(12,558)**	**6,431**	**15,287**	**2,147**	**11,019**	**14,847**	**2,086**
Finance income/(expense), net	166	539	236	33	217	(118)	(17)
Share of losses of investments accounted for using the equity method	(139)	(81)	(29)	(4)	(28)	(7)	(1)
(Loss)/Profit before income tax	**(12,531)**	**6,889**	**15,494**	**2,176**	**11,208**	**14,722**	**2,068**
Income tax (expenses)/benefits	(1,158)	(490)	(150)	(21)	162	(1,332)	(187)
(Loss)/Profit for the year/period	**(13,689)**	**6,399**	**15,344**	**2,155**	**11,370**	**13,390**	**1,881**
Attributable to:							
—Equity holders of the Company	(13,690)	6,396	15,335	2,154	11,366	13,388	1,881
—Non-controlling interests	1	3	9	1	4	2	—
	(13,689)	**6,399**	**15,344**	**2,155**	**11,370**	**13,390**	**1,881**

Summary Consolidated Balance Sheets of the Company

	As of December 31,				As of September 30,	
	2022 Audited	2023 Audited	2024 Audited	2024 Unaudited	2025 Unaudited	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*	*(RMB in millions)*	*(US$ in millions)*
ASSETS						
Non-current assets						
Property and equipment	13,215	12,356	14,831	2,083	21,538	3,025
Right-of-use assets	10,806	10,399	8,891	1,249	8,487	1,192
Intangible assets	1,123	1,073	1,059	149	1,007	141
Investments accounted for using the equity method	268	214	166	23	160	22
Financial assets at fair value through profit or loss	3,626	5,245	24,430	3,432	29,453	4,137
Other financial assets at amortized cost	670	283	62	9	36	5
Deferred tax assets	5,095	6,108	6,604	928	6,093	857
Long-term time deposits	7,870	9,765	19,856	2,789	21,515	3,022
Other non-current assets	776	492	1,105	155	2,892	407
	43,449	45,935	77,004	10,817	91,181	12,808
Current assets						
Trade receivables	6,288	6,457	6,674	937	6,850	962
Prepayments, other receivables and other current assets	4,106	4,919	4,646	652	6,920	972
Financial assets at fair value through profit or loss	13,087	25,128	27,050	3,800	39,098	5,492
Other financial assets at amortized cost	726	950	233	33	41	6
Short-term time deposits	8,318	9,874	11,522	1,618	6,514	915
Restricted cash	59	128	47	7	208	29
Cash and cash equivalents	13,274	12,905	12,697	1,784	12,919	1,815
	45,858	60,361	62,869	8,831	72,550	10,191
Total assets	**89,307**	**106,296**	**139,873**	**19,648**	**163,731**	**22,999**

	As of December 31,				As of September 30,	
	2022 Audited	2023 Audited	2024 Audited	2024 Unaudited	2025 Unaudited	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*	*(RMB in millions)*	*(US$ in millions)*
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	—	—	—	—	—	—
Share premium	274,473	273,459	268,733	37,749	265,815	37,339
Treasury shares	—	(88)	(341)	(48)	—	—
Other reserves	29,239	33,183	35,776	5,025	37,576	5,278
Accumulated losses	(263,882)	(257,491)	(242,164)	(34,017)	(228,776)	(32,136)
	39,830	49,063	62,004	8,709	74,615	10,481
Non-controlling interests	**8**	**11**	**20**	**3**	**21**	**3**
Total equity	**39,838**	**49,074**	**62,024**	**8,712**	**74,636**	**10,484**
Non-current liabilities						
Borrowings	—	—	11,100	1,559	11,098	1,559
Financial liabilities at fair value through profit or loss	—	—	124	17	90	12
Lease liabilities	8,721	8,405	6,765	950	6,049	850
Deferred tax liabilities	23	18	13	2	64	9
Other non-current liabilities	16	21	19	3	15	2
	8,760	8,444	18,021	2,531	17,316	2,432
Current liabilities						
Accounts payables	22,868	23,601	27,470	3,858	27,343	3,840
Other payables and accruals	10,190	16,592	23,113	3,247	30,696	4,312
Dividend payable	—	—	—	—	1,814	255
Advances from customers	3,240	4,036	4,696	660	5,317	747
Borrowings	—	—	—	—	1,990	280
Financial liabilities at fair value through profit or loss	—	—	5	1	3	—
Income tax liabilities	936	1,222	873	123	588	83
Lease liabilities	3,475	3,327	3,671	516	4,028	566
	40,709	48,778	59,828	8,405	71,779	10,083
Total liabilities	**49,469**	**57,222**	**77,849**	**10,936**	**89,095**	**12,515**
Total equity and liabilities	**89,307**	**106,296**	**139,873**	**19,648**	**163,731**	**22,999**

Summary Consolidated Statements of Cash Flows of the Company

	Year ended December 31,				Nine months ended September 30,		
	2022 Audited	2023 Audited	2024 Audited	2024 Unaudited	2024 Unaudited	2025 Unaudited	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*
Net cash generated from operating activities	795	20,781	29,787	4,184	21,147	19,450	2,732
Net cash used in investing activities	(18,028)	(19,865)	(36,677)	(5,152)	(29,133)	(24,162)	(3,394)
Net cash (used in)/generated from financing activities	(2,599)	(1,364)	6,714	943	7,598	4,951	695
Net (decrease)/increase in cash and cash equivalents	(19,832)	(448)	(176)	(25)	(388)	239	33
Cash and cash equivalents at the beginning of the year/period	32,612	13,274	12,905	1,813	12,905	12,697	1,784
Effects of exchange rate changes on cash and cash equivalents	494	79	(32)	(4)	(51)	(17)	(2)
Cash and cash equivalents at the end of the year/period	13,274	12,905	12,697	1,784	12,466	12,919	1,815

Non-IFRS Accounting Standards Measures: Adjusted Net (Loss)/Profit and Adjusted EBITDA

To supplement our consolidated results, which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted net (loss)/profit and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of non-IFRS Accounting Standards measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items. The use of these non-IFRS Accounting Standards measures has limitations as an analytical tool, and one should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards measures may be defined differently from similar terms used by other companies. The following table sets forth our non-IFRS Accounting Standards measures for the years or periods indicated:

	Year ended December 31,				Nine months ended September 30,		
	2022	2023	2024		2024	2025	
	Unaudited	Unaudited	Unaudited		Unaudited	Unaudited	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions)*
Non-IFRS Accounting Standards Measures:							
Adjusted net (loss)/profit[(1)]	(5,751)	10,271	17,716	2,489	13,015	15,184	2,133
Adjusted EBITDA[(2)]	1,815	17,424	24,770	3,479	17,901	21,802	3,063

Notes:

(1) We define "adjusted net (loss)/profit" as (loss)/profit for the year or period adjusted by share-based compensation expenses and net fair value changes on investments.

(2) We define "adjusted EBITDA" as adjusted net (loss)/profit for the year or period adjusted by income tax expenses/(benefits), depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance (income)/expense, net.

The following table sets forth the reconciliations of our non-IFRS Accounting Standards measures for the years or periods indicated to the nearest measures prepared in accordance with IFRS Accounting Standards:

	Year ended December 31,				Nine months ended September 30,		
	2022	2023	2024		2024	2025	
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(US$ in millions) (unaudited)*	*(RMB in millions)*	*(RMB in millions) (unaudited)*	*(US$ in millions)*
(Loss)/Profit for the year/period	**(13,689)**	**6,399**	**15,344**	**2,155**	**11,370**	**13,390**	**1,881**
Adjusted for:							
Share-based compensation expenses	6,249	3,570	2,349	331	1,713	1,971	277
Net fair value changes on investments[(1)]	1,689	302	23	3	(68)	(177)	(25)
Adjusted net (loss)/profit (unaudited)	**(5,751)**	**10,271**	**17,716**	**2,489**	**13,015**	**15,184**	**2,133**
Adjusted net (loss)/profit (unaudited)	**(5,751)**	**10,271**	**17,716**	**2,489**	**13,015**	**15,184**	**2,133**
Adjusted for:							
Income tax expenses/(benefits)	1,158	490	150	21	(162)	1,332	187
Depreciation of property and equipment	3,212	3,989	4,064	570	2,971	2,698	379
Depreciation of right-of-use assets	3,222	3,065	2,972	417	2,216	2,401	337
Amortization of intangible assets	140	148	104	15	78	69	10
Finance (income)/expense, net	(166)	(539)	(236)	(33)	(217)	118	17
Adjusted EBITDA (unaudited)	**1,815**	**17,424**	**24,770**	**3,479**	**17,901**	**21,802**	**3,063**

Note:

(1) Net fair value changes on investments represents net fair value (gains)/losses on financial assets at fair value through profit or loss of our investments in listed and unlisted entities, net (gains)/losses on deemed disposals of investments and impairment provision for investments, which is unrelated to our core business and operating performance and subject to market fluctuations, and exclusion of which provides investors with more relevant and useful information to evaluate our performance.

THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this offering memorandum. This summary is not intended to be complete and does not contain all of the information that is important to an investor. For a more complete description of the terms of the Notes, see "Description of the Notes" in this offering memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes."

Issuer/The Company	Kuaishou Technology (快手科技), a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability.
Notes Offered	CNY3,500,000,000 aggregate principal amount of 2.450% senior notes due 2031 (the "**Notes**").
Issue Price	100.00%
Issue Date	January 22, 2026
Maturity Date	The Interest Payment Date (as defined below) falling on or nearest to January 22, 2031
Interest	The Notes will bear interest at 2.450% per annum. Interest will accrue from January 22, 2026 and will be payable semi-annually in arrears on January 22 and July 22 of each year (each an "**Interest Payment Date**"), provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined elsewhere in this offering memorandum), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Interest shall be calculated per CNY10,000 in principal amount of the Notes and on the basis of a 365-day year and the actual number of days elapsed ("**Actual 365 (Fixed)**"), rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Issues of Additional Notes	The Issuer may, from time to time, without the consent of the holders of the Notes, issue additional Notes having the same terms and conditions as the previously outstanding Notes in all respects (or in all respects except for the issue date, the issue price, and the first interest payment date). Additional Notes issued in this manner may be consolidated with the previously outstanding Notes to constitute a single series of the Notes; provided, however, that such additional Notes will not have the same CMU Instrument No., ISIN, Common Code or other identifying number as the outstanding Notes of a series unless the additional Notes are fungible with the outstanding Notes of that series.
Ranking	The Notes will constitute senior unsecured obligations of the Issuer. The Notes will rank senior in right of payment to all of the Issuer's existing and future obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of the Issuer's existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's Controlled Entities (as defined elsewhere in this offering memorandum).
Certain Covenants	The Issuer will covenant in the indentures not to create or permit to subsist certain security interests or consolidate, merge or sell its assets substantially as an entirety unless certain conditions are satisfied. The Notes and the indentures do not otherwise restrict or limit the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates. See "*Description of the Notes — Limitation on Liens*" and "*Description of the Notes — Consolidation, Merger, and Sale of Assets*."

Payment of Additional Amounts

All payments of principal, premium (if any) and interest made by or on behalf of the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Cayman Islands, Hong Kong, the PRC or any jurisdiction where the Issuer or paying agent are otherwise considered by a taxing authority to be a resident of tax purposes (in each case, including any political subdivision or any authority therein or thereof having power to tax), unless such withholding or deduction of such Taxes is required by law or by regulation or governmental policy having the force of law, as interpreted and enforced by the relevant authority. If such withholding or deduction is so required, the Issuer will, subject to certain exceptions, pay such Additional Amounts as will result, after deduction or withholding of such taxes, in the receipt by the holders of the amounts that would have been received in respect of the Notes had no deduction or withholding been required. See "*Description of the Notes — Payment of Additional Amounts*."

Optional Redemption

At any time, the Issuer may, at the Issuer's option, redeem the Notes prior to December 22, 2030, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), plus, in each case, accrued and unpaid interest, if any, to, but not including, the redemption date. See "*Description of the Notes — Optional Redemption*."

In addition, at any time, the Issuer may, at the Issuer's option, redeem the Notes on or after December 22, 2030, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. See "*Description of the Notes — Optional Redemption*."

Tax Redemption	The Notes of a series may be redeemed at any time, at the Issuer's option, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption in the event the Issuer (or an applicable successor Person) becomes obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of the Notes as a result of certain changes in tax law. See "*Description of the Notes — Tax Redemption*."
Repurchase upon Triggering Event	Upon the occurrence of a Triggering Event (as defined elsewhere in this offering memorandum), the Issuer will be required to make an offer to repurchase all or, at the holder's option, any part (equal to CNY1,000,000 or multiples of CNY10,000 in excess thereof), of each holder's Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase. See "*Description of the Notes — Repurchase upon Triggering Event*."
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. See "*Plan of Distribution*" and "*Transfer Restrictions*."
Use of Proceeds	The gross proceeds we expect to receive from this offering, before deducting underwriting commissions and certain estimated offering expenses, will be approximately CNY3,500 million. We intend to use the net proceeds of this offering for general corporate purposes. See "*Use of Proceeds*" for more information.
Governing Law	The Notes and the indentures will be governed by, and construed in accordance with, the laws of the State of New York.

Denomination, Form, and Registration	The Notes will be issued in minimum denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. The Notes initially will be represented by a global note in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as the CMU Operator. Except in the limited circumstances described in the global note, owners of interests in the Notes represented by the global note will not be entitled to receive definitive Notes in registered certificated form in respect of their individual holdings of the Notes. The Notes are not issuable in bearer form. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator.
Ratings	The Notes are expected to be rated "A-" by S&P, "A3" by Moody's, and "A-" by Fitch. Security ratings are not recommendations to buy, sell or hold the Notes. Ratings are subject to suspension, reduction or withdrawal at any time by the rating agency.
Risk Factors	See "*Risk Factors*" and the other information in this offering memorandum for a discussion of factors that should be carefully considered before deciding to invest in the Notes.
Listing	A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.

Events of Default	Events of default with respect to the Notes include failure to pay principal, premium (if any), interest or additional amounts and certain other events of default in respect of the Company and/or the Company's Principal Controlled Entities (as defined below). See "*Description of the Notes — Events of Default*."
Taxation	For certain Cayman Islands, PRC and Hong Kong taxation of the ownership and disposition of the Notes, see "*Taxation*."
Trustee	Citicorp International Limited
CMU Lodging and Paying Agent and Transfer Agent and Registrar	Citicorp International Limited
Clearing System and Settlement	The Notes have been accepted for clearance through the facilities of the CMU. Certain trading information with respect to the Notes is set forth below: ISIN: HK0001241626 Common Code: 326607070 CMU Instrument Number: CILHFN26001

You should carefully consider the risks described below and the other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, or results of operations. If any of the events described below should occur, our business, financial condition, or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Relating to Our Business and Industry

If we fail to retain our existing users, keep them engaged, or acquire new users in a cost-efficient manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The size of our user base and the level of our user engagement are critical to our success. Our current monetization methods — online marketing services, live streaming, e-commerce, and other services etc. — depend on our ability to increase the size of our user base and user engagement. If we fail to grow our user base, either due to our failure to retain existing users or attract new users, or our users become less active, our users may spend less on our virtual items and other products and services promoted on our platform and access our platform less frequently. This could drive content creators away from our platform, discourage advertisers from purchasing advertisements on our platform, dissuade merchants from promoting products on our platform. We may need to conduct more marketing and branding activities and incur additional selling and marketing expenses to retain existing users and attract new users, content creators, advertisers, merchants and other business partners. We may suffer from a consequential decline in revenues, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

The average DAUs on our Kuaishou App in the nine months ended September 30, 2025 was 411.1 million. Growing our large user base and maintaining a high level of user engagement require us to adequately and timely respond to changes in user preferences, attract and retain popular content creators and offer new features and content. A number of factors could negatively affect user retention, growth and engagement, including if:

- we fail to maintain our user base, the breadth and diversity of our content and innovate products that keep our users interested and engaged on our platform;

- technical or other problems prevent us from delivering our services in a timely and reliable manner or otherwise adversely affect user experience;

- we fail to develop new advertisement formats that appeal to users and advertisers;
- features and functions we design and develop to enhance our user experience and retention are not effective or long-lasting;
- we fail to develop and carry out new business initiatives;
- we fail to upgrade our existing products or develop new products to adapt to new technologies;
- we suffer from negative publicity, fail to maintain our brand image or our reputation is damaged;
- we are unable to combat spam or inappropriate or abusive use of our platform, which may lead to negative publicity;
- we fail to address user concerns related to privacy, safety, security or other factors;
- we make adverse changes to our products and services or become no longer able to provide products and services in response to new legislation, regulations or government policies;
- the growth in the number of internet users in China, or the penetration of short video and live streaming stalls;
- we fail to expand to new geographic markets or sectors with high growth potential; and
- we fail to compete effectively.

If we fail to attract, cultivate and retain content creators, or if our content creators cease to contribute content or their contributions become less valuable to other users, we may experience declines in the number of users accessing our platform and in user engagement.

The quality of the content offered on our platform and our users' level of engagement are critical to our success. In order to attract and retain users and compete effectively, we must continue to offer interesting, attractive and useful content and enhance our users' viewing experience. We largely rely on our content creators to create high-quality short video and live streaming content. We cannot guarantee that our content creators will continue to create popular content on our platform. If our content creators cease to contribute content, or their content fails to attract or retain our users, we may experience declines in user traffic and user engagement and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Although we have adopted various measures to further strengthen the relationships between us and our content creators, such content creators may still choose to leave our platform, and their departure may cause a corresponding decline in our user base. As we attract content creators from other platforms, we may be involved in legal disputes with competing platforms. Although we are not the primary target of these legal disputes, such content creators may be subject to fines or even injunctions which may render our investment in recruiting them ineffective. On the other hand, some of our content creators may leave us for competing platforms despite their extensive and in-depth cooperation with us, which may result in legal disputes and a negative impact on our user retention and reputation. In order to retain our content creators, we must continue to improve monetization opportunities for them, and assist them in reaching a wider audience. We cannot guarantee that our content creators will not leave us despite our such efforts.

If we fail to maintain our unique community culture and our vibrant ecosystem or fail to retain our existing business partners or attract new business partners, our user interactions, engagement and experience will be materially and adversely affected, which would be detrimental to our business operations.

We have cultivated an interactive and vibrant online social community characterized by our core values of being authentic, diverse, beautiful and beneficial. We also strive for a superior user experience by continuously improving our user interface and the features of our platform and encouraging active interactions among our users and business partners. As a result, our platform fosters a vibrant ecosystem for our users and business partners to interact on the basis of our deep and diverse content base, giving rise to myriad user needs which we could address by continuously developing Kuaishou App. We believe that maintaining and promoting a vibrant community culture and ecosystem is critical to retaining and expanding our user base. We have taken multiple initiatives to preserve our community culture, values and ecosystem. Despite our efforts, we may be unable to maintain our community culture and ecosystem and cease to be the preferred platform for our users and business partners. For example, conflicts among our users or business partners and inflammatory comments posted on our platform may damage our community culture and brand image, which would be detrimental to our business operations.

Our business partners include advertisers, merchants and others. We help our advertisers to reach and engage with their target customers through the services and solutions we offer. We provide our merchants with a marketplace to sell their products. Our ability to grow our revenues to a certain extent depends on our ability to retain and enhance our relationships with our existing business partners and attract new ones. Our success also depends on our ability to provide effective services and solutions that meet the expectations of our business partners. For instance, if we fail to develop new advertisement formats or effective marketing solutions that are appealing to our business partners, they may turn to our competitors for alternative services. Our business also relies on content, services and technologies provided by some business partners. If we fail to retain and enhance our business relationships with these business partners, or if these business partners choose to terminate or change the terms of our cooperation arrangements for strategic, financial or

other reasons, we may suffer content loss, service interruptions and/or reduced revenues, which may have a material and adverse effect on our business, financial condition and results of operations.

The industry in which we operate is characterized by constant change. If we fail to keep up with changes in user preferences or behaviors, or if we fail to continuously innovate our technologies or to design features that meet the expectations of our users, our platform may become less attractive or obsolete and our ability to retain existing users and attract new users may be adversely affected.

The internet industry, in general, is evolving. Social platforms are also characterized by constant change, including rapid technological evolution, continual shifts in customer demands and preferences, frequent introductions of new products and services and the constant emergence of new industry standards and practices. In addition, short videos and live streaming, each as a content format, may be replaced by new content formats. Our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner; failure to do so may cause our user base to shrink and user engagement to decline, thereby materially and adversely affecting our results of operations. Furthermore, as the mobile internet penetration rate in China increases, future growth potential of the mobile internet market may not be as significant as in the past, as the market becomes relatively saturated, which may in turn materially and adversely affect our results of operations.

Our technological capabilities are critical to our success. We need to keep up with the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to keep pace with technological advances in order to make our platform competitive. However, prospects of research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. Our significant expenditures in research and development may not generate corresponding benefits as anticipated. Given the fast pace at which technology has been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, if at all. New technologies in short video or live streaming could render our technologies, our platform or products or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related product development costs, outsourcing costs and licensing costs, which could result in a decline in our revenues and market share.

Developing and improving AI technology is capital-intensive and may fail to realize anticipated benefits. If the revenues we generate from our AI-driven products and solutions, including Kling AI, fail to keep pace with our investments to continuously develop and improve them, our results of operations, financial condition and liquidity may be adversely affected.

We have developed proprietary AI technology with innovative capabilities. Our AI technology empowers content and business ecosystems. Past uses of large AI models have improved our content recommendation accuracy, increased user time spent and user engagement. We have also successfully monetized our AI-driven products and solutions. For example, Kling AI, our global leading large video generation model, generates revenue under membership and API service models. But these AI innovations require substantial investments, and our ability to continuously increase the revenue from our AI-driven products and solutions, such as Kling AI, depends on our ability to continuously improve their functionality. We are required to fund these costs of developing, improving and operating our AI with cash retained from operations as well as from other sources of financing. As we further improve our proprietary AI, we may encounter delays and increasing development costs that may make it more difficult for us to develop and operate our AI profitably. If the revenues we generate from our AI-driven products and solutions, including Kling AI, fail to keep pace with our investments to continuously develop and improve them, our results of operations, financial condition and liquidity may be adversely affected.

Unintended or unforeseen consequences of our AI-driven products and solutions may ultimately result in increased liability exposure and reputational harm.

Our AI-driven products and solutions may give rise to new risks related to harmful content, intellectual property infringement or misappropriation, violation of rights of publicity, data privacy, cybersecurity, and other issues. As a result of these and other challenges associated with innovative technologies, our implementation of AI could subject us to regulatory action, legal liability, competitive harm, new applications of existing data protection, privacy, intellectual property, and other laws, and brand or reputational harm. Some uses of AI will present ethical issues and may have broad effects that we may not be able to identify, mitigate or resolve before they arise. Unintended or unforeseen consequences of our AI-driven products and solutions may ultimately result in increased regulatory scrutiny, claims, lawsuits, and brand or reputational harm, any of which could harm our business, results of operation and financial condition.

User misconduct and inappropriate content may adversely impact our brand image, business and results of operations, and we may be held liable for information or content displayed on, retrieved from or linked to our platform or website or distributed to our users.

Our short video and live streaming platform enables users to present and exchange information, interact with others and engage in various other online activities, many of which are conducted in real time. As it is difficult to control user behavior in real time, our platform may be misused by individuals or groups of individuals who engage in, among other things, immoral,

inappropriate, disrespectful, fraudulent or illegal activities. While we have developed technologies and a series of measures to detect inappropriate content and activities, we cannot guarantee that we will be able to fully prevent inappropriate content from being posted on our platform or inappropriate activities from being carried out on our platform. For example, on December 22, 2025, there was an incident happened to our live-streaming function, resulting in certain live-streaming rooms displaying inappropriate content. We immediately activated our emergency plan, temporarily suspended the live-streaming function and carried out system repairs and restoration. Normal live-streaming services on the Kuaishou App resumed shortly afterwards, while other app services remained unaffected. Although we have not been subject to any material disciplinary actions and/or regulatory penalties relating to inappropriate content on our platform as of the date of this offering memorandum, there is no assurance that we will not be subject to disciplinary actions and/or regulatory penalties as a result of the government investigations conducted in connection with this incident, and some of such disciplinary actions and/or regulatory penalties could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, our reputation may be adversely affected by negative news coverage related to such incidents.

Moreover, as we have limited control over the offline behavior of our users, to the extent that such behavior is associated with our platform, our ability to protect our brand image and reputation may be limited. Our business and the public perception of our brand may be materially and adversely affected by misconduct conducted on or linked to our platform. It is possible that our users may engage in conversations or activities on our platform that may be deemed illegal under PRC laws and regulations. We may be subject to fines or other disciplinary actions, including suspension of certain services, if we are deemed to not have taken actions to stop user misconduct or the display of inappropriate or illegal content posted by third parties on our platform or distributed to our users. If any of our users suffers or alleges to have suffered physical, financial or emotional harm arising from any contact initiated on our platform, we may face civil lawsuits or other proceedings initiated by the affected user, or governmental or regulatory actions. Defending such actions could be costly and involve significant time and attention of our management and other resources, which could materially and adversely affect our business, financial condition, results of operations and prospects. There can be no assurance that we can detect all illegal or inappropriate content displayed on, retrieved from or linked to our platform or website. If we are held liable for any of the aforementioned incidents in the future, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, the PRC government and regulatory authorities have adopted regulations governing content contained within videos, games and other information over the internet. Under these regulations, internet content providers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent, violent or defamatory. These laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible to determine in all cases whether certain content is prohibited. Failure to identify and

prevent illegal or inappropriate content from being uploaded or streamed on our platform may subject us to liability. If we fail to comply with PRC laws and regulations, we may face fines or other penalties or may lose licenses we need to operate our business and suffer reputational harm, which may materially and adversely affect our business, financial condition, results of operations and prospects.

In addition to licensed content provided by copyright owners, we allow our users to upload and stream content on our platform, which may be particularly challenging to monitor for compliance with the relevant intellectual property laws. There can be no assurance that we can timely identify or remove all the content that may violate relevant laws and regulations or may otherwise harm our reputation or brand image, due to the large amount of content uploaded and streamed by our users every day.

While we have enforced and continue to enforce a copyright protection and takedown policy consistent with standard industry practice in each of the jurisdictions in which our apps are distributed, we cannot guarantee that we will be able to effectively prevent inappropriate or illegal content from being posted on our platform, and that any of our apps will not be removed from app stores in the future or be subject to other disciplinary actions as a result.

Any compromise to the cyber security of, and spam and other malicious messages on, our platform could materially and adversely affect our business, reputation and results of operations.

We rely on information technology systems to support our core platform functions, which may be subject to security breaches and cyberattacks. There is no assurance that our systems can be fully protected against all threats.

Any security breach of our platform caused by hackings, which involve efforts to gain unauthorized access to our information or systems, or to cause intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment, the intentional or inadvertent transmission of computer viruses and similar events or third-party actions, could have a material and adverse effect on our business, financial condition, results of operations and prospects.

On November 7, 2016, the SCNPC released the PRC Cyber Security Law, which took effect on June 1, 2017. The PRC Cyber Security Law requires network operators to fulfill certain obligations to safeguard security in the cyberspace and enhance network information management. The revised PRC Cyber Security Law adopted by SCNPC on October 28, 2025 took effect on January 1, 2026, which further refines provisions concerning data classification and grading management, cross-border data transmission regulations, and critical information infrastructure protection requirements, requiring network operators to conduct regular security assessments. Our products and services are generally provided through the internet and involve the storage and transmission of users' information. Any security breach would expose us to a risk of loss of

information and potentially result in litigation and liability. As the techniques used to obtain unauthorized access, disable or degrade internet services or sabotage operating systems change frequently and often are not recognized until launched against a target, we may not be able to anticipate such techniques or implement adequate preventative measures. Despite the security measures we have implemented, our facilities, systems and procedures and those of our third-party providers, may be vulnerable to security breaches, act of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our delivery of services or expose the confidential information of our users and others. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we may lose current and potential users and may be exposed to legal and financial risks, including legal claims, regulatory fines and penalties, which in turn could adversely affect our business, reputation and results of operations.

In addition, spammers may use our platform to send targeted and/or untargeted spam messages to other users, which may affect our user experience. As a result, our users may use our products and services less or stop using them altogether. In spamming activities, spammers typically create multiple user accounts for the purpose of sending spam messages. Although we attempt to identify and delete accounts created for spamming purposes, we may not be able to effectively eliminate all spam messages from our platform in a timely fashion. Any spamming activities could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We generate a large portion of our revenues from online marketing services. The failure to attract new advertisers, the loss of existing advertisers, or a reduction in their demand for our services could materially harm our business.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from online marketing services was RMB49.0 billion, RMB60.3 billion, RMB72.4 billion, RMB51.8 billion and RMB57.8 billion, respectively, contributing to 52.1%, 53.1%, 57.1%, 56.6% and 56.0% of our total revenues in the respective periods.

Our ability to generate and maintain our online marketing services revenue depends on a number of factors, including the effectiveness of our products and services, our ability to target the right users; the scale, engagement and loyalty of our users; and market competition on advertising prices. It is important for us to attract more advertisers to our platform with increased user traffic and engagement, or offer more variety in terms of advertisement products to encourage more spending from advertisers. We cannot assure you that we will be able to retain existing advertisers or attract new ones. If we fail to retain and enhance our relationships with advertisers or expand the base of our advertisers, the growth of our online marketing services may be slowed and our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, our online marketing services revenue is affected by changes in the online marketing services industry in China and in particular, the evolution of short video and live streaming social platforms, as well as advertisers' budget allocation to online marketing and promotion. If the size of the Chinese online advertising market does not increase, or if we are unable to capture and retain a sufficient share of that market, our ability to maintain or increase our online marketing services revenue and our profitability and prospects could be adversely affected.

If we fail to continue to grow or maintain our paying user base and fail to increase ARPPU for live streaming, our revenues may not grow as we anticipate, which may materially and adversely affect our business operation and financial results.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from live streaming was RMB35.4 billion, RMB39.1 billion, RMB37.1 billion, RMB27.2 billion and RMB29.4 billion, respectively, representing 37.6%, 34.4%, 29.2%, 29.7% and 28.5% of our total revenues in the respective periods. In order to sustain our revenue growth from live streaming, we must continue to attract users onto our platform, ensure high level of user engagement and effectively monetize our live streaming content. To effectively monetize our user base, we need to continue to develop products and services that are desirable to our users, as well as set proper pricing strategies. Although our live streaming business has experienced significant growth in prior years, our live streaming revenues declined in 2024, and we may not achieve a similar growth rate in the future, as users' demand for this service may decline, or we may fail to anticipate and cater to users' demand effectively.

Whether we can continue to grow our paying user base or our monthly ARPPU for live streaming depends on many factors, many of which are out of our control. Although we try to optimize the merchandizing of our virtual items, if we fail to maintain attractive pricing for our virtual items, our users may be less likely to purchase them. We cannot guarantee that our attempts to monetize our live streaming content will continue to be successful, and therefore the future revenues and income potential of our business are difficult to evaluate. For example, our streamers may be less willing to remain on our platform as the amount of virtual gifting from the audience goes down due to the deterioration of general economic conditions or the decrease in their disposable income.

Our other monetization strategies, including e-commerce, may not remain effective or continue to grow and we cannot guarantee that we will be able to successfully develop new monetization channels and generate sustainable growth.

Besides our online marketing services and live streaming services, we also generate revenue from e-commerce and other services. It is crucial to balance, on the one hand, creating sufficient monetization opportunities, which enhances the revenues of our platform, and, on the other hand, maintaining an enjoyable platform, which helps to maintain a sizable user base, high user

engagement and associated network effects. However, implementation of these monetization strategies are often associated with risks that are beyond our control. For example, for our e-commerce operations, risks related to the reliability and integrity of the merchants and buyers on our platform and service quality of the logistics providers who partner with the merchants, are beyond our control and may adversely affect the reputation and brand value of our online marketplace. Constant changes in the overall online games industry and uncertainties in relevant government regulations are also beyond our control and may adversely affect our online games operations. As such, we cannot guarantee that all of our other monetization strategies will remain effective in the future, or that our future monetization strategies will be successfully implemented or generate sustainable revenues or profit.

We monitor market developments and may adjust our monetization strategies accordingly from time to time, which may result in changes in our revenue mix. In addition, we may in the future introduce new services to diversify our revenue streams, including services that we have little or no prior development or operating experience in. If these new products or services fail to engage customers or our business partners, we may fail to generate sufficient revenues to justify our investments, and our business and operating results may suffer as a result. There is no guarantee that the multiple monetization opportunities we pursue will materialize.

We may not be able to maintain profitability in the future.

In 2022, we incurred net loss of RMB13.7 billion. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we earned net profits of RMB6.4 billion, RMB15.3 billion, RMB11.4 billion and RMB13.4 billion, respectively. In 2022, by using non-IFRS Accounting Standards measures, our adjusted net loss was RMB5.8 billion, and in 2023, 2024, and the nine months ended September 30, 2024 and 2025, our adjusted net profits were RMB10.3 billion, RMB17.7 billion, RMB13.0 billion and RMB15.2 billion, respectively. We declared the payment of a special dividend of HK$0.46 per Share, amounting to approximately HK$2.0 billion in total, which was paid in October 2025 in cash to the Shareholders whose names appear on the register of members of the Company on September 16, 2025. Whether we can maintain profitability hinges on our ability to effectively monetize our product and service offerings and continuously grow revenues in a cost-effective way, which we may not successfully achieve.

While our future revenue growth will depend on the realization of our monetization strategies, our ability to grow cost-effectively will primarily depend on improvements in our operational efficiency. We may not be able to continue to increase our operational efficiency, or our operational efficiency may not reach a sufficient level to maintain profitability. Our ability to continue to improve operational efficiency will depend on, among other things, our ability to attract and retain users, to enhance the interactions among our users, to optimize our operations, and to further achieve economies of scale. Our ability to maintain profitability will also depend on

various external factors, many of which are beyond our control, such as the status of short video and live streaming as popular content formats in China and the development of other social platforms.

As we continue growing our business, we intend to invest in our products and services, technologies, research and development, as well as sales and marketing initiatives. As a result, we may not be able to remain profitable or increase our profitability in the future. In addition, any changes in the macroeconomic and regulatory environment or competitive dynamics and our inability to respond to these changes in a timely and effective manner may also impact our profitability.

Given that the internet business is highly regulated in China, intensified government regulation of the short video, live streaming and e-commerce industries in China could also restrict our ability to maintain or increase our user base or the user traffic to our platform, which will materially and negatively impact our business operations and financial results. Our failure to obtain and maintain requisite approvals, licenses or permits applicable to our business or any changes in government policies or regulations, could harm our business.

The short video and live streaming industries in China, are subject to a variety of existing and new rules, regulations, policies, and licensing requirements. The State Council, the MIIT, the MCT, the CAC and NRTA, have the authority to issue and implement regulations governing various aspects of our business. Our PRC operating entities are required to obtain and maintain applicable licenses or approvals from relevant regulatory authorities in order to provide their current services. For example, we are required to obtain an Audio-Visual Permit issued by the NRTA (or complete certain registration procedures in the National Network Audi-Visual Platform Information Registration Management System) for providing internet audio-visual program services, the ICP License for engaging in any commercial internet information services and the ICB License for conducting internet cultural businesses. In addition, governmental authorities are likely to continue to issue new laws, rules and regulations governing these industries, enhance enforcement of existing laws, rules and regulations, and require new and additional approvals, licenses and permits. Failure to comply with these regulations may result in fines and other penalties for us, including without limitation, shutting down of our operations and revocation of licenses. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition, results of operations and prospects. As we further develop our capabilities and enhance our product functions, we may be required to obtain additional qualifications, permits, approvals or licenses. For specific services offered online, we and the content providers may also be subject to additional qualifications, permits, approvals or licenses requirements.

The e-commerce industry, and retail e-commerce in particular, are highly regulated by the PRC governmental authorities. We are required to obtain various licenses and permits from different regulatory authorities in order to distribute certain categories of products on our mobile

apps. We strive to obtain all the applicable licenses and permits, but due to the large number of products sold on our mobile apps, we may not always be able to do so and we may be penalized by governmental authorities for selling products without proper licenses. As we increase our product and service offerings, we may also become subject to new or existing laws and regulations that did not apply to us before. In August 2018, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) (the "**E-Commerce Law**"), which imposes a number of new requirements and obligations on e-commerce platform operators. Pursuant to the relevant PRC laws and regulations, internet platforms including e-commerce platforms, content platforms and social platforms shall operate legally and fulfill relevant obligations in terms of protection of consumers' rights and interests, intellectual property rights as well as cybersecurity and personal information. In addition, the SAMR has tightened its ongoing supervision of e-commerce platforms under the E-Commerce Law. We have adopted a series of measures to comply with the requirements under the E-Commerce Law. We cannot assure you, however, that our current business operations meet the requirements under the E-Commerce Law in all respects. We have been subject to investigations and penalties under the E-Commerce Law and other applicable laws and regulations. If the PRC governmental authorities determine that we are not in compliance with all the requirements under the E-Commerce Law and other applicable laws and rules, we may be subject to fines and/or other sanctions. If we are unable to maintain and renew one or more of our licenses and certificates after their current term expires, or obtain such renewals on commercially reasonable terms, our operations could be disrupted. If the PRC government requires additional licenses or permits or provides further enhanced supervision requirements in the future in order for us to conduct our businesses, there is no guarantee that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all.

On February 7, 2021, the Anti-monopoly Commission of the State Council promulgated the Anti-Monopoly Guidelines for the Platform Economy (《關於平台經濟領域的反壟斷指南》) (the "**Anti-Monopoly Guidelines for Internet Platforms**"). The Anti-Monopoly Guidelines for Internet Platforms aim to protect market competition and safeguard the interests of users and participants in the platform economy, explicitly prohibiting internet platforms from engaging in a series of monopolistic conduct, including abuse of market dominance. Furthermore, the Anti-Monopoly Guidelines for Internet Platforms also strengthen the anti-monopoly review of concentrations of undertakings involving internet platforms. While we will continue to enhance our anti-monopoly compliance system in accordance with the guidelines, we cannot accurately predict the potential impact they may have on our business operations.

On November 12, 2020, the NRTA issued its Circular on Strengthening the Administration of Online Show Live Streaming and E-commerce Live Streaming (關於加強網絡秀場直播和電商直播管理的通知) ("**Notice 78**"), which sets forth registration requirements for platforms providing online show live streaming or e-commerce live streaming to have their information and business operations registered by November 30, 2020. Notice 78 also set forth requirements for certain live streaming businesses with respect to real-name registration, limits on user spending on virtual

gifting, restrictions on minors on virtual gifting, live stream review personnel requirements, content tagging requirements, and other requirements. For example, Notice 78 requires live streaming platforms to limit the amount of virtual gifts that a user can send per day and per month, as well as the amount that can be gifted at any one time. We have provided users with the functionality to set their own limits on our platform, but we are currently not able to assess the impact this requirement under Notice 78 will have on the virtual gifting activity on our platform. In 2022, 2023, 2024 and the nine months ended September 30, 2025, we generated a large portion of our revenues from our live streaming business. Any such limits ultimately imposed may negatively impact our revenues derived from virtual gifting and our results of operations. Since some of the requirements in Notice 78 contain ambiguities, we are still in the process of getting further guidance from regulatory authorities and evaluating the applicability and effect of the various requirements under Notice 78 on our business. On April 12, 2022, the NRTA issued the Notice on Strengthening the Management of Live Streaming of Games on the Online Audio-Visual Program Platform (《關於加強網絡視聽節目平台遊戲直播管理的通知》), pursuant to which, live streaming platforms are strictly prohibited from disseminating or streaming online games that have not been approved by the competent authorities, and shall, among others, strengthen the management of gaming streamers. On June 8, 2022, the NRTA and the MCT issued the Code of Conduct for Streamers (《網絡主播行為規範》) (the "**Code of Conduct**") which stipulates, among others, that for live streaming content that requires a high level of professional skills (such as medical and health care, finance, law and education), streamers should obtain the corresponding practice qualifications and report the practice qualifications to the live streaming platforms, and the live streaming platforms shall review and record the relevant qualifications. The Code of Conduct also stipulates that live streaming platforms shall establish comprehensive internal policies to manage their streamers. Any further rulemaking or other intensified regulation with respect to live streaming may increase our compliance burden in the live streaming business, and may have an adverse impact on our business and results of operations.

As the short video, live streaming and e-commerce sectors in China are still evolving rapidly, new laws and regulations may be adopted from time to time to address new issues that come to the regulatory authorities' attention and additional licenses and permits other than those we currently have may be required. In the interpretation and implementation of existing and future laws and regulations governing our business activities, considerable uncertainties still exist. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws and regulations currently in effect due to changes in the relevant authorities' interpretation of these laws and regulations. As there remains uncertainty in the interpretation and implementation of the relevant laws and regulations such as the ones outlined above, our users may be discouraged from using our platform, and our business operations may be materially and adversely affected.

We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to, our platform, or distributed to our users, or for proprietary information appropriated by former employees, which could be time-consuming and costly and may result in the removal of relevant content from our platform.

We have been and may in the future be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to, recorded, stored or made accessible on, our platform, or otherwise distributed to our users, including in connection with the music, images, videos and games played, recorded, stored or made accessible on our platform, which may materially and adversely affect our business, financial condition, results of operations, prospects and reputation. We have entered into agreements with multiple music copyright owners and operators in China, which allow us to legally use their music content on our platform. There is no guarantee that we will enter into license agreements on terms that are satisfactory to us. Even when we are able to enter into license agreements, we cannot guarantee that such agreements will continue to be renewed timely or indefinitely. Additionally, under our agreements with content creators, we have the rights to use the intellectual properties produced by them during their live streams and in their short videos on our platform. We allow users to upload text, graphics, audio, videos and other content to our platform and users to access, download and share content on our platform. Despite our standard procedures, including licensing, monitoring and uploading procedures, from time to time, we may still be involved in infringement disputes with third parties. We have also implemented technological measures to respond to incidents or users' complaints regarding intellectual property infringements on our platform, such as infringements on patents and copyrights, held by third parties. However, we cannot fully eliminate the risk that unauthorized content remains on our platform for a period of time.

Companies in the internet, technology and media industries are, from time to time, involved in disputes or litigations based on allegations of infringement of intellectual property rights and invasion of privacy. In China, the laws and regulations in relation to the validity, enforceability and scope of protection of intellectual property rights in internet-related industries, especially for short video and live streaming-based social platforms, are evolving and involve uncertainties. We face, from time to time, and expect to face in the future, allegations that we have featured pirated or illegally downloaded music, images, and videos on our platform, and that we have infringed upon, or our users have infringed upon, the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Some of the games content, whether in the form of short videos or live streaming, on our platform may be alleged to infringe on copyrights of game producers, which may also constitute the basis of an unfair competition claim. As we face increasing competition from other internet companies in China, there may be a higher risk for us to be subject to intellectual property infringement claims or other legal proceedings.

If our content creators play music using their own devices in their short videos or during live streams, such use of music would not be covered under the agreements we have entered into with these music platforms. Under relevant PRC laws and regulations, internet information online service providers which provide storage space for users to upload works or links to content provided by third parties, could be held liable for copyright infringement under various circumstances, including situations where such service provider knows or should reasonably have known that the relevant content uploaded or linked to on its platform infringes upon the copyright of others and such service provider fails to take necessary actions to prevent such infringement. We have implemented procedures to reduce the likelihood that content might be used without proper licenses or third-party consents and to ensure prompt responses and actions to notices from copyright holders requesting removal of infringing content. However, these procedures may not be effective in preventing the unauthorized posting or distribution of copyrighted content and we may be deemed to have failed to take necessary actions against such infringement. Therefore, we may face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our platform. In particular, from time to time we may face allegations of unauthorized use of music on our platform due to the large amount of videos that are uploaded to our platform, many of which include music. While we have internal control procedures to ensure compliance with the relevant copyright laws and to enforce a copyright protection and takedown policy that complies with applicable laws, we may still be subject to allegations of copyright violations, whether or not such allegations are legitimate.

Additionally, some of our employees were previously employed at other companies, including our current and potential competitors. To the extent that these employees were involved in the development of content or technology similar to ours at their former employers, we may become subject to claims that we or such employees have appropriated proprietary information or intellectual property of the former employers of our employees. If we fail to successfully defend such claims, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may incur additional costs in monitoring and detecting content infringement. Further, defending claims is costly and can impose a significant burden on us, and there can be no assurance that favorable final outcomes will be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation and force us to remove relevant content from our platform and enter into licensing agreements, which may not be available on commercially reasonable terms or at all. Any resulting liability or expenses, or changes to our platform required to reduce the risk of future liability, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Concerns about collection and use of users' personal data and other privacy-related and data security matters could damage our reputation and deter current and potential users from using our products and services.

Concerns about collection, use or disclosure of personal information or other privacy-related and data security matters, even if unfounded, could damage our reputation and business operations. The PRC Constitution, the PRC Criminal Law, the Civil Code, the PRC Cyber Security Law (《中華人民共和國網絡安全法》), the Data Security Law of People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), and the Personal Information Protection Law of People's Republic of China (《中華人民共和國個人信息保護法》) (the "**PIPL**") pursuant to which we are required to ensure the security and stability of the services provided via network and protect individual privacy and the security of personal data, and to protect individual privacy and personal data security in general by requiring the consent of internet users prior to the collection, use or disclosure of their personal data. The personal data of our users include, among others, their identification numbers on our platform, and certain of their billing information, such as their payment amounts.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which became effective on September 1, 2021. The Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The Data Security Law provides for a data security review procedure for the data processing activities that affect or may affect national security. It also imposes data security obligations on persons and entities conducting data processing activities and requires data processors to take necessary measures to protect data security.

On August 20, 2021, the SCNPC promulgated the PIPL, which became effective on November 1, 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. The PIPL requires, among others, that (i) the processing of personal information shall have a clear and reasonable purpose, which shall be directly related to the processing purpose in a method that has the least impact on personal rights and interests; (ii) where a personal information processor provides other personal information processors with the relevant personal information, it shall inform the individual of the name and contact information of the recipient, the purpose and method of handling and the type of personal information, and shall obtain the individual's separate consent; and (iii) the personal information processor shall regularly conduct compliance and security audits on its processing of personal information in accordance with applicable laws and administrative regulations. Different types of personal information and personal information processing will be subject to various rules on consent, transfer and security. Entities processing personal information

bear responsibilities for their activities of processing personal information, and shall adopt necessary measures to safeguard the security of the personal information that they process. Otherwise, the entities processing personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income or be subject to fines or other penalties. Although the PIPL raises the protection requirements for processing personal information, many specific requirements of this law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users (《互聯網用戶帳號信息管理規定》), which became effective on August 1, 2022. The obligations of internet-based information service providers include, but not limited to, (i) authenticate the identity information of the users who apply for registration of relevant account and verify the account information submitted by users upon registration; (ii) equip themselves with professional and technical capabilities appropriate to the scale of services; and (iii) internet-based information service providers shall display the Internet protocol address of account users.

We strictly protect information provided by users and, under our privacy policy, we will not provide any of our users' personal information to any unrelated third party without our users' prior consent. While we strive to comply with our data and privacy policies as well as all applicable data protection laws and regulations in the PRC and overseas, we may not be able to successfully protect our users' privacy and data for reasons beyond our control. Any failure or perceived failure to do so may result in proceedings or actions against us by government entities, users or others, which could damage our reputation. A loss of confidence in us by our users and business partners could adversely affect our business, financial condition, results of operations and prospects. In addition, user and regulatory attitudes towards privacy are evolving, and future regulatory or user concerns about the extent to which personal information is used or shared with advertisers or others may adversely affect our ability to use data to accurately direct advertisements to target audience, as we presently do with our users' consent, which may limit certain methods of targeted advertising. Concerns about the security of personal data could also lead to a decline in general internet usage, which could lead to a lower number of registered, active or paying users on our platform.

We have operations in China and certain overseas regions and are subject to the laws and regulations in China and such overseas regions. Our business may also be adversely impacted by actions taken by governments in China and overseas in response to alleged data privacy and data security threats. Such government actions and future unfavorable restrictions on the operations of Chinese video content, social media or technology companies may limit our opportunities to expand into overseas markets and materially and adversely affect our business.

The markets in which we operate are highly competitive, and we face significant competition from internet companies that operate content-based social platforms, online marketing businesses and e-commerce platforms in China. If we fail to compete effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We face intense competition from other internet companies in China in several major aspects of our business, particularly in online marketing services, live streaming, e-commerce and other sectors. Some of our competitors may have longer operating histories and greater financial, technical and marketing resources than we do or have an advantage in attracting and retaining users and business partners. In addition, our competitors may have larger user bases or more established brand names than we do and therefore would be able to more effectively leverage their user bases and brand names to provide online marketing services, live streaming, e-commerce and other products and services. Furthermore, industry consolidation through mergers and acquisitions may arise from time to time as platforms seek to grow their users, business scale and capabilities in different content formats, which may give rise to greater competition.

In connection with online marketing services, our ability to effectively compete for advertising customers depends on the size of our user base and user engagement, diversity of content, effectiveness of ad targeting, as well as quality and innovation in marketing solutions offered. We compete with various types of internet companies that provide online marketing services, including traditional social media companies, short video or live streaming platforms, and other content-based platforms. If we are unable to offer effective online marketing solutions, we may lose key advertising customers to other internet companies and revenue from our online marketing services may be negatively impacted.

In connection with our live streaming business, we compete for user time spent as well as for quality content. As viewers are unlikely to view live streams on two different platforms simultaneously, competition for user traffic and streamers is intense and our competitors may poach successful streamers from our platform. We believe diversity and quality of content play a key role in capturing user attention and time spent, which indirectly affects the revenue generated from virtual gifting during live streams.

We also compete in the highly-competitive e-commerce industry primarily for customers, orders, products and third-party merchants. Some of our current or future competitors in the e-commerce industry may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases, higher penetration in certain regions or greater financial, technical or marketing resources than we do. Some of our e-commerce competitors may also be able to secure more favorable terms from suppliers, devote greater resources to marketing

and promotional campaigns, adopt more aggressive pricing and devote more resources to their websites, mobile apps and systems development than we do. Increased competition in the e-commerce industry may negatively impact our e-commerce monetization strategy and financial results.

Finally, we compete in connection with various other monetization opportunities that we currently pursue or may pursue in the future, which generally depend on our ability to attract and retain users and business partners onto our ecosystem. If we are unable to compete effectively, our ability to successfully monetize our platform may be materially affected. We may have to spend additional resources in order to compete effectively, which may adversely affect our profitability. Furthermore, if we are involved in disputes with any of our competitors that result in negative publicity, such disputes, regardless of their veracity or outcome, may harm our reputation or brand image and in turn may lead to loss of users and business partners. Any legal proceedings or measures we take in response to competition and disputes with our competitors may be expensive, time-consuming and disruptive to our operations and may divert our management's attention from our business operations.

We may experience negative publicity involving us, our users, our content, our platform, our management, our business model or our industry in general.

Negative publicity involving us, our users, our content, our platform, our management, our business model or our industry in general may materially and adversely harm our brand and our business. We cannot assure you that we will be able to effectively manage negative publicity about us, our management and/or our services to the satisfaction of our investors, users, customers and business partners. The dissemination of such negative news to the public has had an adverse effect on and may continue to adversely affect our reputation or brand image, which could negatively impact our business, results of operations and growth prospects. We may have to incur significant expenses in order to remedy the effects of these negative reports, which may materially and adversely affect our results of operations.

We may be subject to allegations, harassment or other detrimental conduct by third parties, which could harm our reputation and cause us to lose market share, users and customers.

We may be subject to allegations by third parties or purported former employees, negative internet postings and other adverse public exposure relating to our business, operations and staff compensation. We may also become the target of harassment or other detrimental conduct by third parties or disgruntled former or current employees. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies, media or other organizations. We may be subject to government or regulatory investigations or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, if at all. Additionally, direct or indirect

allegations against us may be posted on the internet, including social media platforms, by anyone on an anonymous basis, regardless of whether they are related to us. Any negative publicity relating to us or our management can be quickly and widely disseminated. Social media platforms immediately publish the content to their users, often without filters or checks on the accuracy of the content. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and/or prospects. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of negative and potentially false information about our business, operations and management, which in turn may cause us to lose market share, users or customers.

Our business depends substantially on our ability to attract, train and retain qualified personnel, as well as the continuing efforts of our management and other key personnel that support our existing operations and future growth. If we lose their services, our operations and growth prospects may be materially and adversely affected.

Our future success heavily depends upon the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our co-founders, Cheng Yixiao and Su Hua, who have served as our executive Directors since the Company's inception, as well as other members of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unavailable to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our business, financial condition, results of operations and prospects may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a sizeable and competent workforce. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly management, technical and marketing personnel with expertise in the internet industry. However, our industry is characterized by high demand and intense competition for talent. In order to attract and retain talent, we may need to offer higher compensation, better training and more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. We may also fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert management attention and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

Moreover, if any of our management or key personnel joins a competitor or forms a competing company that compete against ours, we may lose know-how, trade secrets, key employees and business partners, user base and market share. While each of our executive officers and key employees has entered into an employment agreement with confidentiality, intellectual property and non-competition provisions with us, such non-competition provisions may not be enforceable under certain circumstances.

We cooperate with various MCNs to manage our content creators. If we are not able to maintain our relationship with MCNs, our operations may be materially and adversely affected.

We cooperate with MCNs to manage and organize certain content creators on our platform. As we are an open platform that welcomes all content creators to our platform, cooperation with MCNs increases our operational efficiency by discovering, supporting, managing and developing content creators in a more organized and structured manner. We pay some of our content creators or their MCNs fees based on a percentage of the total value of virtual items gifted to the content creators during their live steams. If we cannot balance the interests among us, the content creators and their MCNs and maintain a holistic system that is satisfactory to us and the content creators, we may not be able to retain or attract content creators or MCNs, or both.

In addition, if other platforms offer better incentives to our cooperated MCNs, the MCNs may choose to devote more of their resources to streamers who stream on those other platforms, or they may encourage their content creators to use or even work solely with those other platforms, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Contractual disputes with our business partners and content creators may harm our reputation and subject us to contractual liabilities, and may be costly or time-consuming to resolve.

We enter into contracts with certain content creators and business partners including advertisers, merchants and game developers. Although in 2022, 2023, 2024 and the nine months ended September 30, 2025 we have not had any material contractual disputes with our business partners or content creators, we cannot guarantee that there will not be any such disputes in the future. Any such disputes may not only be costly and time-consuming to resolve, but may also be detrimental to the quality of the content produced by our content creators or products and services provided by us or our business partners, cause our business partners or content creators to leave our platform, decrease user engagement on our platform or otherwise adversely affect our business, financial condition, results of operations and prospects.

We partially rely on a third party to conduct real name certification for our users, in particular, to protect users who are minors. However, we cannot guarantee the effectiveness of such process.

To use certain functions on our products such as "like", comment and shopping, a user must complete real name certification processes, which may involve certifications conducted by a third party that we work with. We rely on the real name certification results to identify users on our platform that are minors and to protect their rights and interests. However, regardless of the relevant efforts we have made, as we have limited access to the user's information if he or she completes the real name certification through the third party, we cannot guarantee the effectiveness of such real name certification. If there are incidents of ineffective real name certification that result in our failures to identify and properly protect minors, we may be ordered to rectify such incidents, and if we fail to make such rectifications, we may be subject to penalties imposed by competent regulatory authorities. We also rely on real name certification results to pay revenue sharing to certain streamers on our platform and to withhold and remit related taxes for them. Ineffective real name certification incidents may cause us to make payments or withhold taxes by mistake, which may adversely affect our relationships with streamers and our compliance with the relevant PRC laws and regulations. We may also incur additional costs in order to remediate such mistakes, which may adversely affect our financial condition. Therefore, any ineffectiveness in the real name certification processes for our users may have an adverse effect on our business, financial condition and results of operations.

We rely on certain key operating metrics to evaluate the performance of our business, and perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as DAUs, MAUs and other user engagement metrics, to evaluate the performance of our business. We calculate these operating metrics using our internal data that have not been independently verified by third parties. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in calculation methodology and assumptions. If the operating metrics we use are perceived to be inaccurate by others, our reputation may be harmed and our evaluation methods and results may be impaired, which could negatively affect our business.

We use third-party online payment platforms to process user payments on our platform. Any failures by these platforms to process payments effectively and securely may have material and adverse effects on our business.

We depend on the billing and payment systems of third-party online payment platforms such as Weixin Pay, Alipay and Apple Pay to maintain accurate records of payments of sales proceeds by paying users and collect such payments. We receive periodic statements from these payment platforms which indicate the aggregate amount of fees that were charged to our users. Our

business and results of operations could be adversely affected if these payment platforms fail to accurately account for or calculate the revenues generated from the payments made to us by our users. If there are security breaches or failure or errors in the payment process of these platforms, user experience may be adversely affected and our results of operations may be negatively impacted. We do not have control over the security measures of our third-party online payment vendors, and security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information, which could, among other things, damage our reputation and the perceived security of all the online payment systems we use. If a well-publicized internet or mobile network security breach were to occur, users concerned about the security of their online financial transactions may become reluctant to virtually gift and purchase on our platform even if the publicized breach did not involve payment systems or methods used by us. In addition, billing software errors could damage customer confidence in these online payment systems. If any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we may lose paying users and users may be discouraged from virtually gifting or purchasing on our platform which may have an adverse effect on our business.

Further, our third-party online payment vendors may from time to time experience cash flow difficulties. Consequently, they may delay their payments to us or fail to pay us at all. Failure to timely collect our receivables from these payment platforms may adversely affect our cash flows.

Moreover, if any of the payment platforms we use decides to significantly increase the percentage they charge us for using their systems for processing the payments made on our platform, our results of operations may be materially and adversely affected. Disputes with third-party online payment platforms, such as disputes relating to intellectual property rights, distribution fee arrangements and billing issues, may also arise from time to time and we cannot assure you that we will be able to resolve such disputes in a timely manner or at all.

Non-compliance on the part of our directors, employees, business partners or other third parties involved in our business could adversely affect our business.

Our compliance controls, policies and procedures may not protect us from acts committed by our directors, employees, agents, contractors, or business partners who violate the laws or regulations of the jurisdictions in which we operate or who may be subject to litigations from time to time, and this may adversely affect our business. In addition, our business partners or other third parties involved in our business through our business partners may be subject to regulatory penalties as a result of their regulatory compliance failures, which may, directly or indirectly, disrupt our business. Although we conduct reviews of legal formalities and certifications before entering into contractual relationship with third party businesses, and take measures to mitigate risks that we may be exposed to in case of any regulatory non-compliance by third parties, we cannot be certain whether such third parties have infringed or will infringe upon any other third parties' legal rights or have violated or will violate any regulatory requirements or rule out the

likelihood of our incurring any liabilities due to any regulatory compliance failures by such third parties. We may not identify irregularities or instances of non-compliance in the business practices of third parties with whom we pursue existing or future cooperation and we cannot assure you that any such irregularities will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions that may be imposed as a result of the actions of our business partners or other third parties involved in our business may adversely affect our business activities and reputation and in turn, our results of operations.

Major mobile application distribution channels may interpret or change their standard terms and conditions in a manner that is detrimental to us, or terminate their existing relationship with us.

We rely on third-party mobile application distribution channels to distribute our mobile applications to users. We expect a substantial number of downloads of our mobile applications will continue to be derived from these distribution channels. As a result, the promotion, distribution and operation of our applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes made by, these distribution channels.

Mobile application distribution channels typically have strong bargaining power. Their terms and policies for application developers, which may be impacted by potential geopolitics, favor themselves in general, and they have broad discretion in interpreting their terms and policies, and in dealing with deemed instances of non-compliance or violations by application developers. If any major distribution channel interprets or changes its standard terms and conditions in a manner that is detrimental to us, or terminates its relationship with us, we may not be able to find a replacement in a timely manner or at all and the distribution of our platform may be adversely affected. In addition, changes to the credit period or the settlement cycle of these distribution channels may materially and adversely affect our cash flow. Disputes with distribution channels, such as disputes relating to intellectual property rights, distribution fee arrangements and billing issues, may also arise from time to time and we cannot assure you that we will be able to resolve such disputes in a timely manner or at all. Any failure on our part to maintain good relationships with a sufficient number of popular platforms for the distribution of our platform could cause the number of our platform downloads and activations to decrease, which will have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our historical growth rates may not be indicative of our future growth. We may not be able to effectively manage our growth as a result of the increased complexity of our business, which may adversely affect our business and operating results.

Our business operations commenced in 2011, and we began monetization for our business in 2016. We experienced significant growth in DAUs and revenues in 2022, 2023, 2024 and the nine months ended September 30, 2025. We generated revenues of RMB94.2 billion, RMB113.5 billion,

RMB126.9 billion, RMB91.5 billion and RMB103.2 billion in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The average DAUs on Kuaishou App was 355.7 million, 379.9 million, 399.4 million, 398.9 million and 411.1 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Regardless of the various efforts we have made and will continue to make in the future, we cannot assure you that the user engagement on our platform will continue, or that our business will be able to maintain the growth rate as in the past. In addition, as market competition intensifies and our industry matures, the growth rate of our user base may decrease.

Managing our growth will require significant expenditures and allocation of resources. To manage our growth as well as achieve and maintain profitability, we expect our costs and expenses to continue to increase in the future. We will also need to expand, train, manage and motivate our workforce and manage our relationships with viewers and content creators, advertisers, merchants and other business partners. We also expect to continue to invest in our infrastructure in order to enable us to provide our services rapidly and reliably to viewers and content creators. All of these endeavors involve risks and will require substantial management efforts and skills and significant additional expenditures, which could end up straining our ability to maintain reliable service levels for our users, to research and develop products, to improve our operational, auditing, human resources, financial and management controls, and to enhance our internal data systems. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our patents may expire and may not be extended, our patent applications may not be granted and our patent rights may be contested, circumvented, invalidated or limited in scope. As a result, our patent rights may not protect us effectively. In particular, we may not be able to prevent others from developing and deploying competing technologies, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

In China, invention patent rights are valid for twenty years, utility model patent rights are valid for ten years and design patent rights are valid for fifteen years. We have registered patents and had pending patent applications in China. We cannot assure you pending applications will be granted patents. Even if our patent applications succeed, it remains uncertain whether such patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with sufficient protection or competitive advantages. The claims under any patents that are issued may not be broad enough to prevent others from developing technologies that are similar to, or achieve results similar to, ours. It is also possible that the intellectual property rights of others will bar us from licensing and exploiting any patents that would have been issued from our pending applications. Numerous foreign-issued patents and pending patent applications owned by others exist in the fields in which we have developed and

are developing our technology. These patents and patent applications may have priority over our patent applications and could subject our patent applications to invalidation. Finally, third parties may challenge the validity or enforceability of our existing or pending patents.

Unauthorized use of our intellectual property, unfair competition, defamation or other violations of our rights by our users, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.

We regard our patents, copyrights, trademarks and other intellectual property as critical to our success, and rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual property to protect these rights. Although our contracts with users typically prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot assure you that users will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Although we enter into confidentiality agreements and intellectual property ownership agreements with our employees, these confidentiality agreements could be breached, and our proprietary technology, know-how or other intellectual property could otherwise become known to third parties. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Further, others may engage in conduct that constitutes unfair competition, defamation or other violations of our rights, which could harm our business, reputation and competitive position.

While we actively take steps to protect our proprietary rights, such steps may not be adequate to prevent the infringement or misappropriation of our intellectual property. In addition, we cannot assure you that any of our trademark applications will ultimately proceed to registration or will result in registration with adequate scope for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. If our trademark applications are not successful, we may have to use different marks for affected products or services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all.

We face regulatory uncertainties and practical difficulties in enforcing our intellectual property rights. Policing unauthorized use of all of our proprietary technology, trademarks and other intellectual properties in real time is difficult and expensive, and litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs, diversion of our resources and could disrupt our business, as well as materially and adversely affect our business, financial condition, results of operations and prospects.

Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites and third-party misappropriation of our data and copying of our platform could cause confusion for our users, divert users from our products and services, and/or harm our reputation and brand image.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours in order to divert potential users from our platform to theirs. Preventing such unauthorized use is inherently difficult. If we are unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential online customers away from our platform to competing, irrelevant or potentially offensive platforms, which could harm our reputation and cause us to lose revenues.

From time to time, third parties have misappropriated our data through scraping our platform, or other means and aggregated this data on their platforms with data from other companies. In addition, "copycat" platforms or apps may misappropriate data on our platform and attempt to imitate our brand or the functionality of our platform. Whenever we become aware of such platforms, we employed technological and legal measures in an attempt to halt their operations. However, we may not be able to detect all such actions in a timely manner and, even if we could, technological and legal measures may be insufficient to stop their operations. In those cases, our available remedies may not be adequate to protect us against such platforms. Regardless of whether we can successfully enforce our rights against these platforms, any measures that we may take could require significant financial or other resources from us. Those platforms may also lure away some of our users or advertisers or reduce our market share, causing material and adverse effects to our business, financial condition, results of operations and prospects.

Advertisements shown on our platform may subject us to penalties and other administrative actions. Our certain other online marketing services may be deemed as online advertising services as well and may subject us to online advertisement laws and regulations.

We derive an increasing portion of our revenues from online marketing services we provide on our platform. PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in full compliance with the relevant laws and regulations. In addition, for advertising content related to specific types of products and services such as pharmaceuticals and medical instruments, advertisers, advertising operators and advertising distributors must confirm that the advertisers have obtained the requisite government approvals, including the advertiser's operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approvals of the content of the advertisement and filings with the local authorities. Pursuant to the relevant PRC advertising laws and regulations, we are required to take steps to monitor the content of advertisements displayed on our platform. Complying with the relevant laws and regulations requires considerable resources and time, and could significantly affect our business operations. While we have made

significant efforts to ensure that the advertisements shown on our platform are in full compliance with applicable PRC laws and regulations, we cannot assure you that all the content contained in such advertisements or offers therein are true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the interpretation of such laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish corrective information. In circumstances involving serious violations, the PRC governmental authorities may force us to terminate our online marketing services operations or revoke our licenses. If we become subject to any of the above penalties, our reputation may be harmed and our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, pursuant to the Administrative Measures on Internet Advertisement (《互聯網廣告管理辦法》) (the "**Internet Advertisement Measures**"), certain of our other online marketing services may be deemed to constitute internet advertisement. See "*Regulation — Regulations on Internet Advertising*." Any further change in the classification of advertising-related services by the relevant regulatory authorities may also significantly disrupt our operations and materially and adversely affect our business and prospects.

The determination of the fair value changes, such as fair value change of our financial assets and liabilities, among other things, and impairment of certain of our assets requires the use of estimates that are based on unobservable inputs, and therefore inherently involves a certain degree of uncertainty.

We use significant unobservable inputs, such as expected volatility, discount for lack of marketability, risk-free interest rate and expected rate of return, in valuing certain of our assets, including financial assets at fair value through profit or loss. The fair value change of financial assets and liabilities at fair value through profit or loss may significantly affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets and liabilities. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. In addition, the process for determining whether an impairment of financial asset is other-than-temporary usually requires complex and subjective judgments, which could subsequently prove to have been wrong.

We face risks associated with our investments.

We currently invest a portion of our capital in investments. As of September 30, 2025, our investments mainly consisted of financial assets at fair value through profit or loss including wealth management products, unlisted equity securities and listed equity securities. These investments may earn yields substantially lower than anticipated, and the fair values of our investments may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these investments may materially and adversely affect our business and financial results.

We had aggregated net fair value gains on financial assets at fair value through profit or loss, including wealth management products and investments in listed and unlisted entities, of RMB384 million, RMB1.7 billion, RMB1.2 billion and RMB2.1 billion for the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. We had net fair value losses on financial assets at fair value through profit or loss of RMB301 million for the year ended December 31, 2022. Any change in securities prices and market conditions could lead to volatility in the fair values of our financial assets at fair value through profit or loss, which could further impact our financial condition and results of operations and may also impact our ability to dispose of these financial instruments at favorable prices.

Acquisitions, investments or strategic alliances may fail and have a material and adverse effect on our business, reputation and results of operations.

From time to time, we may acquire or invest in businesses, assets or technologies that are complementary to our existing business. Future acquisitions and investments and the subsequent integration of new businesses and assets into our own would require significant attention from our management and could divert resources from our existing business, which in turn could have an adverse effect on business operations. Acquired businesses or assets may not generate the financial or operating results we expect. In addition, acquisitions and investments could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, the incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired businesses and investments. Moreover, the costs of identifying and consummating acquisitions or investments may be significant. In addition to potential Shareholder approval, we may also have to obtain approvals and licenses from governmental authorities in China and comply with applicable PRC laws and regulations, which could result in increased costs and delays.

The process of integrating with another company or integrating an acquired company, business, asset or technology may create unforeseen operating difficulties and expenditures. The areas where we face risks include:

- significant costs of identifying and consummating acquisitions;

- difficulties in integrating the management, technologies and employees of the acquired businesses;

- implementation or remediation of controls, procedures and policies at the acquired company;

- coordination of products and services, engineering and sales and marketing functions;

- retention of employees from the businesses we acquire;

- liability for activities of the acquired company before the acquisition;

- litigation or other claims in connection with the acquired company;

- in the case of overseas acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and

- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs.

We may also enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counter-party and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor such third parties' actions and to the extent that they suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all. Furthermore, our future capital needs may require us to sell additional equity or debt securities that may dilute our Shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.

To grow our business and remain competitive, we may require additional capital from time to time. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital raising activities; and
- economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms or at all. In addition, our future capital needs and other business reasons could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our Shareholders.

In addition, although we generated net operating cash inflows of RMB795 million, RMB20.8 billion, RMB29.8 billion, RMB21.1 billion and RMB19.5 billion in 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively, there can be no assurance that we will not experience net operating cash outflow in the future.

If we are unable to honor our obligations with respect to advances from customers, our liquidity position and cash position may be adversely affected.

Our advances from customers, which we record as current liabilities, primarily comprise of (i) advances from online marketing services customers and (ii) advances from live streaming customers. Advances from online marketing services customers are contractual liabilities in connection with the advanced cash receipt from customers for online marketing services, and advances from live streaming customers are advances for purchase of virtual items before they are gifted.

Advances from online marketing services customers primarily relate to performance-based advertising, and are utilized and recognized as revenue when the Company renders services to the customers. Advances from live streaming customers would be utilized and recognized as revenue when the virtual items are consumed through gifting during live streams.

If we fail to honor our obligations with respect to a significant portion of the advances from customers, we may need to refund such advances to customers, and our liquidity position and cash position may be adversely affected.

We may not be able to maintain liquidity in the future.

Although we recorded net assets of RMB39.8 billion, RMB49.1 billion, RMB62.0 billion and RMB74.6 billion as of December 31, 2022, 2023 and 2024, and September 30, 2025, respectively, there can be no assurance that we will not experience liquidity problems in the future.

Although we recorded net operating cash inflows of RMB795 million, RMB20.8 billion, RMB29.8 billion, RMB21.1 billion and RMB19.5 billion in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, if we fail to generate sufficient cash flow from our operations, or if we fail to maintain sufficient cash and financing, our liquidity position may be adversely affected. If we do not have sufficient cash flows to fund our business, operations and capital expenditure, our business and financial position will be materially and adversely affected.

We do not currently have business interruption insurance and our limited insurance coverage could expose us to significant costs and business disruption. Any uninsured occurrence of business disruption, material litigation or natural disaster could expose us to significant costs, which could have an adverse effect on our results of operations.

While we believe our insurance practice is in line with industry standards, our insurance coverage is limited. For example, we do not maintain business interruption insurance or litigation insurance. Any uninsured occurrence of business disruption, material litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material and adverse effect on our results of operations. As the insurance industry in China is still evolving, there are currently limited offerings of business-related insurance products. As a result, we may not be able to insure against certain risks related to our assets or business. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the compensated amount is significantly less than our actual loss, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our technology and infrastructure depend on the performance of the internet infrastructure and fixed telecommunications networks in China and may experience unexpected system failures, interruptions, inadequacies or security breaches. Our business and operating results may be harmed by service disruptions, or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.

Our technology and infrastructure depend on the performance and reliability of the internet and fixed telecommunications infrastructure in China. Access to the internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. We rely on this infrastructure to provide data communications primarily through local telecommunication lines and wireless telecommunication networks. In addition, the national networks in China are connected to the internet through international gateways. These international gateways are the only channels through which a domestic user can connect to the internet and may not sufficiently support the continually growing demand for internet usage. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China can support the demands associated with the continued growth in internet usage. If we cannot increase our capacity to deliver our online services, we may not be able to accommodate the increases in traffic we anticipate from our expanding user base and the adoption of our services may be hindered, which could adversely impact our business and profitability. In the event of disruptions, failures or other problems with internet infrastructure, we or our users may not have access to alternative networks on a timely basis, if at all. Additionally, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the mobile internet and thus cause the growth of mobile internet users to decelerate. Such deceleration may adversely affect our ability to continue expanding our user base.

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our technologies and systems, such as malfunctions in software or network overload. Incidents of serious network overload may cause laggings for some of our users for a period of several hours each time, and may negatively affect our user experience. Our growing operations will place increasing pressure on our server and bandwidth capacities as we further expand our user base and develop more features and functions. We may encounter problems when upgrading our systems or services and there may be undetected programming errors, which could adversely affect the performance of our operating systems and user experience. Furthermore, our infrastructure is also vulnerable to damages from fires, floods, earthquakes, power loss and telecommunication failures. Any network interruption or inadequacy that causes interruptions to our platform, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our user satisfaction, which in turn, could adversely affect our reputation, user base and our business, financial condition, results of operations and prospects.

Undetected programming errors or flaws or failure to maintain effective operations could harm our reputation or decrease market acceptance of our products and services, which would materially and adversely affect our results of operations.

Our apps may contain programming errors that only become apparent after their release. We generally have been able to resolve such flaws and errors and optimize our apps. However, we cannot assure you that we can always detect and resolve all such programming errors effectively and timely. Undetected programming errors could adversely affect our operations, user experience and market acceptance. Any errors, bugs or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of users, loss of content providers, loss of revenues or liability for damages, any of which could adversely affect our business and operating results.

User growth and engagement depend upon effective interoperation with operating systems, networks and mobile devices and standards that we do not control. We may not be successful in maintaining and developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards.

We make our products and services available across a variety of operating systems on mobile devices and PCs. We conduct our business and generate revenues primarily through mobile devices. If we are unable to successfully capture and retain the growing number of users that access internet services through mobile devices, or if we are slower than our competitors in developing attractive products and services adaptable for mobile devices, we may fail to capture a significant share or an increasingly important portion of the market or may lose existing users. In addition, even if we are able to retain the increasing number of mobile users, we may not be able to successfully monetize our user base in the future. We are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Windows, Android, and iOS. Any changes in such operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect the usage of our services. We may not be successful in maintaining and developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards. Further, if the number of platforms for which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China, it will result in an increase in our costs and expenses. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. In the event that it is difficult for our users to access and use our services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business, financial condition, results of operations and prospects could be adversely affected.

Some of our products and services contain open source software, which may pose a particular risk to our proprietary software products and services and may adversely affect our business.

We use open source software in some of our products and services and will continue to use open source software in the future. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we have developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

Our results of operations are subject to fluctuations due to seasonality.

We experience seasonality in our business, reflecting seasonal fluctuations in mobile and internet usage. As a result, comparing our operating results on a period-to-period basis may not be meaningful. For example, the number of active users tends to be higher during holidays and school breaks. As a result, our results of operations may fluctuate from time to time due to seasonality.

We may increasingly become a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business and prospects.

We have a huge number of users, and an extremely large number of transactions take place on our platform on a daily basis. The huge volume of activities taking place on our platform as well as publicity about our business create the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over consumer protection and consumer safety issues may subject us to additional legal and social responsibilities and increased scrutiny and negative publicity over these issues, due to the large number of transactions that take place on our platform and the increasing scope of our overall business operations. In addition, changes in our services or policies have resulted and could result in objections by members of the public, the traditional, new and social media, social network operators, merchants on our platform or others. From time to time, these objections or allegations, regardless of their veracity, may result in consumer dissatisfaction, public protests or negative publicity, which could result in government inquiry or substantial harm to our brand, reputation and operations. Moreover, as our business expands and grows, both organically and through acquisitions of and investments in other businesses, domestically and internationally, we may be exposed to heightened public scrutiny in jurisdictions where we already operate as well as in new jurisdictions where we may operate. There is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as

our business and prospects. We may not realize the benefits we expect from our strategic cooperation with our strategic partners, which may materially and adversely affect our business and results of operations.

We are subject to anti-corruption, anti-bribery and other laws and regulations, and third party payment channels we cooperate with are subject to anti-money laundering laws.

We are subject to anti-corruption, anti-bribery and other relevant laws and regulations in China and certain overseas jurisdictions. Although we perform compliance processes and maintain internal control systems, we may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws and regulations if our processes or systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material and adverse effect on our reputation, business, financial condition, results of operations and prospects. If any of our subsidiaries, operating entities, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws and regulations, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition, results of operations and prospects.

In addition, we currently cooperate with third party payment channels such as Weixin Pay, Alipay and Apple Pay to process payments for us. These third party payment channels are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations in China, which require them to comply with certain anti-money laundering requirements, including the establishment of a customer identification procedure, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. If a third-party payment channel fails to perform its anti-money laundering obligations, it may be subject to fines or other proceedings in accordance with the relevant regulations.

We are subject to governmental economic sanctions laws that could subject us to liability.

We are subject to various economic and trade sanctions laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. United Kingdom financial sanctions and European Union sanctions also have similar regime to prohibit the provision of products and services to countries, governments and persons on their respective target list.

In the past, we have not identified any users on our platform that appeared to have been located in countries that are targets of any governmental economic sanctions. While we believe that we have been, and that we continue to be, in compliance with applicable governmental

economic sanctions laws, our failure to employ appropriate safeguards with respect to users located in countries that are targets of governmental economic sanctions may result in a violation of such laws and regulations. Non-compliance with applicable governmental economic sanctions laws could subject us to adverse media coverage, investigations, severe administrative, civil and possibly criminal sanctions, and expenses related to remedial measures and legal expenses, which could materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

Our users may suffer from third-party fraud when purchasing our KwaiCoins and we may suffer fraud when selling KwaiCoins to users.

We offer our users multiple official payment channels to purchase KwaiCoins. However, from time to time, certain third parties fraudulently claim that users can purchase KwaiCoins through them. If our users choose to purchase KwaiCoins from such third parties, they may suffer losses from such fraudulent activities by third parties. Although we are not directly responsible for such fraudulent activities conducted by third parties, are not obligated to compensate users for any such losses, our user experience may be adversely affected and they may choose to leave our platform as a result. Such fraudulent activities by third parties may also generate negative publicity, disputes or even legal claims. The measures we take in response to such negative publicity, disputes or legal claims may be expensive, time-consuming and disruptive to our operations and divert our management's attention.

Although we have implemented authentication mechanisms that help us detect such fraudulent paying methods, we cannot guarantee that our mechanisms will identify and prevent all fraudulent KwaiCoin purchases in the future. These fraudulent transactions may cause harm to our financial results and business operations.

We are exposed to credit risk in relation to our trade receivables, and such risk may be heightened during periods of uncertain economic conditions.

As of December 31, 2022, 2023, 2024 and September 30, 2025, our trade receivables amounted to RMB6.3 billion, RMB6.5 billion, RMB6.7 billion and RMB6.9 billion, respectively. These trade receivables were related to receivables due from contracts with customers. We may not be able to collect all such trade receivables due to a variety of factors that are outside of our control. For example, if the strategic relationship between us and any of the online payment channels is terminated or deteriorated, or if any of the online payment channels experience financial difficulties in settling the trade receivables, our corresponding trade receivables may be adversely affected in terms of recoverability. As the amount of provisions made on our trade receivables are recorded as loss allowance provision, if we are not able to manage the credit risk associated with our trade receivables, our results of operations may be materially and adversely affected.

We enter into contracts with business partners on our platform including merchants and advertisers, and the financial soundness of these customers may affect our collection of accounts receivable. We make a credit assessment of each customer to evaluate the collectability of service fees before entering into a contract. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each customer, and any inability of a customer to pay us in a timely manner may adversely affect our liquidity and cash flows.

We may incur impairment charges for our intangible assets.

Our intangible assets consist of goodwill, which relates to our business acquisitions, and other intangible assets, including licenses and copyrights, trademarks and domain names, software and others. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we all recorded goodwill of RMB845 million, and other intangible assets of RMB278 million, RMB228 million, RMB214 million and RMB162 million, respectively. Based on the result of goodwill impairment testing, which we conduct at least annually, no impairment was identified in respect of goodwill as of December 31, 2022, 2023 and 2024 and September 30, 2025. Due to frequent changes and development in technology, technological advancements may render our existing technologies less effective or even obsolete, or may cause our services to be less attractive to our customers. As a result, the assumptions we used in estimating the cash flow generated from our intangible assets may change, and the estimated useful life of our intangible assets may also be subject to significant estimate uncertainty. If any significant changes were to occur, we may incur impairment charges for our intangible assets, and if any significant impairment charges were made, our results of operation may be negatively affected.

We may incur higher income tax expenses if our deferred tax assets are not utilized as expected.

In the application of our accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other relevant factors. As a result, actual results may differ from these accounting estimates. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our deferred tax assets amounted to RMB5.1 billion, RMB6.1 billion, RMB6.6 billion and RMB6.1 billion, respectively. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses according to our assessment. If sufficient future taxable profits are not generated eventually or are less than what is expected, a material reversal of deferred tax assets may arise.

Pandemics and epidemics, natural disasters, terrorist activities, political unrest, and other outbreaks may disrupt our production, delivery, and operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of other widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, Ebola, or Zika or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the countries and regions we operate in could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and prospects. Our operations could be disrupted if any of our employees were suspected of having any of the epidemic illnesses, since this could require us to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenues and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the Chinese or global economy in general. Our operations could also be severely disrupted if our customers, suppliers or other participants were affected by such natural disasters, health epidemics or other outbreaks.

We may be subject to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, riots, political and military upheavals and other outbreaks in the country or region where we have our operations or where a portion of our users are located. Such events could significantly disrupt our operations and negatively impact our business, financial condition, results of operations and prospects.

Changes in international trade or investment policies and barriers to trade or investment, and the ongoing conflict and emergence of a trade war between the United States and China may have an adverse effect on our business and expansion plans.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our overseas expansion, our financial condition, and results of operations. There have been political matters which resulted in increased tensions between U.S. and China. For example, on October 28, 2024, the U.S. Treasury Department issued a final rule (the Outbound Investment Rule) implementing Executive Order 14105 and creating a regime restricting investment by U.S. persons in targeted sectors in "countries of concern" (currently limited to China). On February 21, 2025, the White House released the "America First Investment Policy" memorandum, which outlined several initiatives to restrict investments involving China. In addition, China has implemented, and may

further implement, measures in response to new trade policies, treaties and tariffs initiated by the U.S. government. Such measures may further escalate the tensions between the countries or even lead to a trade war. Any further escalation in trade tensions between China and the U.S. or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not only the two countries concerned, but the global economy as a whole. As a result, our business, financial condition, results of operations and prospects would be adversely affected. We currently carry out certain operations and research and development functions in the U.S.. While our business operations in the U.S. have not been adversely affected, if there were any further escalation of tensions between the U.S. and China or if any further restrictions on internet companies from China were imposed by the U.S., our business may be adversely affected. In addition, our potential acquisitions and investments, as well as operations, in the United States may be affected by heightened regulatory requirements or scrutiny if the current U.S.-China disputes continue to escalate. Furthermore, there is no guarantee that China will not impose any additional U.S.-specific restrictions on top of its existing restrictions.

We have granted options and may continue to grant options, restricted shares and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We adopted our Pre-IPO ESOP, Post-IPO Share Option Scheme, Post-IPO RSU Scheme and 2023 Share Incentive Scheme, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We recognize expenses in our consolidated financial statements in accordance with IFRS Accounting Standards.

We believe the granting of share-based compensation is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Risks Relating to Our Corporate Structure

If the PRC government determines that the agreements establishing the structure for operating our online businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

We are a Cayman Islands exempted company and our indirect wholly-owned PRC subsidiary, Beijing Dajia, is considered a foreign-invested enterprise. The PRC government prohibits foreign investment in internet cultural activities, internet audio-visual program services, online live streaming and online game services and restricts foreign investment in value-added

telecommunications services businesses. For more details, see "*Regulation.*" Due to these restrictions, we conduct our operations in China through our Consolidated Affiliated Entities. Although we do not have any equity interest in our Consolidated Affiliated Entities, we are able to exercise effective control over them and receive substantially all of the economic benefits of their operations through the Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders. For a description of the Contractual Arrangements, see "*Related Party Transactions — Contractual Arrangements*."

Haiwen & Partners, our PRC legal advisor, is of the opinion that each of the agreements underlying the Contractual Arrangements (i) taken individually and collectively, are legal, valid and binding on the parties of each of the agreements underlying the Contractual Arrangements in accordance with their terms and provisions under applicable PRC laws and regulations, except that the dispute resolution provisions of the Contractual Arrangements regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration may not be recognized or enforced by PRC courts, or that the provisions regarding the liquidation committee designated by our WFOE upon the winding up of the Consolidated Affiliated Entities to manage their assets may not be recognized or enforced by PRC courts, (ii) do not violate the articles of association of Beijing Dajia and each of the PRC Holdcos, and (iii) none of the agreements underlying the Contractual Arrangements violates provisions in the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") including in particular provisions regarding "impairing others' legitimate rights and interests with malicious collusion" or falls within any circumstances under which a contract may be determined invalid pursuant to the Civil Code. However, there can be no assurance that the PRC government authorities will not take a view in the future that is contrary to or otherwise different from the opinion of our PRC legal advisor stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. The relevant PRC government authorities have broad discretion in dealing with deemed non-compliances or violations, including, without limitation:

- require the nullification of the Contractual Arrangements;
- revoke the business licenses and/or operating licenses of Beijing Dajia or our Consolidated Affiliated Entities;
- require us to discontinue the business operations of Beijing Dajia or our Consolidated Affiliated Entities, or place restrictions or onerous conditions on such business operations;
- restrict our right to collect revenues;
- shut down all or part of our websites, applications or services;

- levy fines on us and/or confiscate the proceeds generated from the operations under the Contractual Arrangements;

- impose additional conditions or requirements which we may not be able to comply with;

- require us to undergo costly and disruptive restructurings; and

- take other regulatory or enforcement actions that could be harmful to our business.

The imposition of any of the above-mentioned consequences could result in a material and adverse effect on our ability to conduct our business. In addition, if the imposition of any of these consequences causes us to lose the rights to direct the activities of our Consolidated Affiliated Entities or our right to receive economic benefits from our Consolidated Affiliated Entities, we would no longer be able to consolidate the financial results of our Consolidated Affiliated Entities.

Substantial uncertainties exist with respect to whether the control of PRC onshore VIEs by foreign investors via contractual arrangements will be recognized as "foreign investment" and how it may impact the viability of our current corporate structure and operations.

On March 15, 2019, the National People's Congress of the PRC adopted the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**PRC Foreign Investment Law**"), which came into force on January 1, 2020. The PRC Foreign Investment Law defines "foreign investment" as investment activity in China conducted directly or indirectly by foreign investors in any of the following manners: (i) the foreign investor, by itself or together with other investors, establishes a foreign-invested enterprise in China; (ii) the foreign investor acquires shares, equities, asset tranches, or similar rights and interests in enterprises in China; (iii) the foreign investor, by itself or together with other investors, invests and establishes a new project in China; or (iv) the foreign investor invests through other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law is silent on how to define and regulate VIEs, while adding a catch-all clause that "other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council" can fall within the concept of "foreign investment," which leaves uncertainty as to whether a foreign investor's control of PRC onshore VIEs via contractual arrangements will be recognized as "foreign investment." Pursuant to the PRC Foreign Investment Law, PRC governmental authorities will regulate foreign investment by applying the principle of pre-entry national treatment together with a "negative list," which will be promulgated by or promulgated with approval by the State Council. Foreign investors are prohibited from making any investments in industries which are listed as "prohibited" in such negative list; and, after satisfying certain additional requirements and conditions as set out in the "negative list," are allowed to make investments in the industries which are listed as "restricted" in such negative list. With respect to

any foreign investor that fails to comply with such negative list, the competent authorities are entitled to ban its investment activities, require such investor to take measures to correct its non-compliance, and impose other penalties.

The internet cultural activities, internet audio-visual program services, online live streaming, online game services and value-added telecommunications services that we conduct through our Consolidated Affiliated Entities are subject to foreign investment restrictions or prohibitions as set out in the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)》(2024年版)) issued by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), which became effective on November 1, 2024. It is unclear whether any new "negative list" to be issued under the PRC Foreign Investment Law will be different from such existing list.

The PRC Foreign Investment Law leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether our corporate structure will be seen as violating foreign investment rules as we are currently using the Contractual Arrangements to operate certain businesses in which foreign investors are currently prohibited or restricted from investing. Furthermore, if future laws, administrative regulations or provisions of the State Council mandate further actions to be taken by companies with respect to our existing Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, our current corporate structure, corporate governance and business operations could be materially and adversely affected.

We rely on our Contractual Arrangements for our operations in China, which may not be as effective in providing operational control as direct ownership. Our PRC Holdcos and/or their Registered Shareholders may fail to perform their obligations under our Contractual Arrangements, which may result in us resorting to litigation to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.

The majority of our revenues and cash flows are attributed to our Consolidated Affiliated Entities. Due to PRC restrictions on and prohibitions of foreign ownership of certain businesses in China, we operate our business in China through our Consolidated Affiliated Entities, in which we have no ownership interest. We rely on our Contractual Arrangements with our PRC Holdcos and their Registered Shareholders, including powers of attorney, to control and operate the businesses of our Consolidated Affiliated Entities. These Contractual Arrangements are intended to provide us with effective control over our Consolidated Affiliated Entities and allow us to obtain economic benefits from them. In particular, our ability to control the Consolidated Affiliated Entities is

dependent on certain powers of attorney, pursuant to which Beijing Dajia (our indirect wholly-owned subsidiary in China) is entitled to vote on all matters requiring shareholder approval with respect to our PRC Holdcos.

Although we have been advised by our PRC legal advisor that each of the Contractual Arrangements among Beijing Dajia, our PRC Holdcos and their Registered Shareholders, including the powers of attorney, is legal, valid and binding under existing PRC laws and regulations, except that the dispute resolution provisions of the Contractual Arrangements regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration may not be recognized or enforced by PRC courts, these Contractual Arrangements may not be as effective in providing operational control over our Consolidated Affiliated Entities and their subsidiaries as direct equity ownership. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, as a legal matter, if our PRC Holdcos or their Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws and regulations, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation. For example, if the shareholders of our PRC Holdcos were to refuse to transfer their equity interests in our PRC Holdcos to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal action to compel them to perform their respective contractual obligations. These Contractual Arrangements are governed by and interpreted in accordance with PRC law, and disputes arising from the Contractual Arrangements will be resolved through arbitration in China. However, the legal system in China, particularly as it relates to arbitration proceedings, is different from legal systems in many other jurisdictions such as the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of consolidated affiliated entities should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of arbitration, should legal action become necessary. These uncertainties could limit our ability to enforce the Contractual Arrangements. In addition, arbitration awards are final and may only be enforced in PRC courts through arbitration award recognition proceedings, which could cause additional expenses and delays. In the event we are unable to enforce the Contractual Arrangements or if we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities and may lose control over the assets owned by our Consolidated Affiliated Entities. As a result, we may be unable to consolidate the financial results of such entities in our consolidated financial statements, our ability to conduct our business may be negatively affected, and our operations could be severely disrupted, which could materially and adversely affect our business, financial condition, results of operations and prospects.

As some of our Contractual Arrangements may not have fully detailed the parties' rights and obligations, our remedies for a breach of these arrangements may not be guaranteed.

Our current relationship with our Consolidated Affiliated Entities and their ultimate shareholders is based on a number of contracts, and the Consolidated Affiliated Entities are considered to be our VIEs for accounting purposes. Regardless of our internal control and contract management processes, certain terms of the Contractual Arrangements may be statements of general intent and may not have fully detailed the rights and obligations of the parties. Some of these contracts contain price and payment terms that are subject to quarterly adjustments. These provisions may be subject to different interpretations, particularly in relation to the details of the services to be provided and the price and payment terms. It may be difficult for us to obtain remedies or damages from these affiliated entities or their ultimate shareholders for breaching our agreements. As we rely significantly on these companies for our business, the realization of any of these risks may disrupt our operations or cause degradation in the quality and service provided on, or a temporary or permanent shutdown of our platform.

We may not be able to conduct our operations without the services provided by certain of our Consolidated Affiliated Entities.

Our operations are currently dependent upon our commercial relationships with our Consolidated Affiliated Entities, and we derive most of our revenues from these companies. If our PRC Holdcos are unwilling or unable to perform the agreements which we have entered into with them, we may not be able to conduct our operations in the manner in which we currently do. In addition, our PRC Holdcos may seek to renew these agreements on terms that are disadvantageous to us. Although we have entered into a series of agreements that provide us with substantial ability to control these companies, we may not succeed in enforcing our rights under them. If we are unable to renew these agreements on favorable terms, or to enter into similar agreements with other parties, our business may not expand, and our operating expenses may increase.

We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to our business operations if our Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities hold assets that are material to our business operations. The Contractual Arrangements with our PRC Holdcos contain terms that specifically obligate their Registered Shareholders to ensure the valid existence of our Consolidated Affiliated Entities and that our Consolidated Affiliated Entities may not be voluntarily liquidated. However, should the shareholders breach this obligation and voluntarily liquidate our Consolidated Affiliated Entities, or should our Consolidated Affiliated Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The Registered Shareholders of our PRC Holdcos may have conflicts of interest with us, which may materially and adversely affect our business.

Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with our PRC Holdcos and the Registered Shareholders. The Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertaking if it would further their own interest or if they otherwise act in bad faith. We cannot assure you, however, that when conflicts of interest arise, these individuals will act in the best interests of our Company or that conflicts of interest will be resolved in our favor. In the event of any such conflicts of interest, these individuals may breach or cause our PRC Holdcos to breach or refuse to renew the Contractual Arrangements that allow us to effectively control and receive economic benefits from our Consolidated Affiliated Entities. If we cannot resolve such conflict of interest or dispute between us and such shareholders of our PRC Holdcos should it arise, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements with our PRC Holdcos and their Registered Shareholders. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

We conduct our business operations in China through the Consolidated Affiliated Entities by way of the Contractual Arrangements. However, certain terms of the Contractual Arrangements may not be enforceable under PRC laws and regulations.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and regulations and provide for resolution of disputes through arbitration in China. Accordingly, these agreements would be interpreted in accordance with PRC laws and regulations, and disputes would be resolved in accordance with PRC legal procedures. The uncertainties as to the adoption of evidence and precedent rulings in China's legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Consolidated Affiliated Entities, injunctive relief and/or winding up of Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws and regulations, these terms may not be enforceable. Under PRC laws and regulations, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or

equity interests in Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as courts in Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. PRC laws and regulations do not allow the arbitral body to grant an award of transfer of assets of or equity interests in Consolidated Affiliated Entities in favor of an aggrieved party. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by PRC Holdcos and/or their respective Registered Shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could negatively affect our ability to conduct our business.

The Contractual Arrangements between Beijing Dajia and our PRC Holdcos may be subject to scrutiny by the PRC tax authorities and may subject our Group to increased income tax due to the different income tax rates applicable to Beijing Dajia and our PRC Holdcos. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Under the Contractual Arrangements, our PRC Holdcos are required to pay Beijing Dajia relevant service fees. Beijing Dajia may adjust the service fee payable by our PRC Holdcos at its sole discretion. Such service fee payments reduce our Consolidated Affiliated Entities' taxable income and correspondingly increase the taxable income of Beijing Dajia, which, combined with the different income tax rates applicable to our Consolidated Affiliated Entities and Beijing Dajia, have affected and may continue to affect our results of operations, particularly, our income tax expenses and net profit on a consolidated basis. Additionally and pursuant to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by PRC tax authorities. We may be subject to adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements among Beijing Dajia, our PRC Holdcos and their Registered Shareholders are not on an arm's length basis and therefore constitute favorable transfer pricing. As a result, the PRC tax authorities could require that our Consolidated Affiliated Entities adjust their taxable income upward for PRC tax purposes. Such an adjustment could increase our Consolidated Affiliated Entities' tax expenses without reducing the tax expenses of Beijing Dajia, subject our Consolidated Affiliated Entities to late payment fees and other penalties for under-payment of taxes, and result in the loss of any preferential tax treatment Beijing Dajia may have. As a result, our consolidated results of operations may be adversely affected.

If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, Beijing Dajia (or its designee) has the exclusive right to purchase all or any part of the equity interests in each of our Consolidated Affiliated Entities from their shareholders at a purchase price equal to RMB1, or at the lowest price

permitted by PRC law, for the optioned interests. In the event of such transfer, the lowest price permitted by PRC law may be substantially higher than RMB1, or the competent tax authority may require Beijing Dajia to pay enterprise income tax for ownership transfer income with reference to the market value instead of the price as stipulated under the Contractual Arrangements, in which case Beijing Dajia may be subject to a substantial amount of tax and our financial condition may be materially and adversely affected.

A transfer of shares in some of our Consolidated Affiliated Entities may trigger tax liability.

If we need to cause the transfer of shareholdings in our Consolidated Affiliated Entities from their current respective shareholders to any other individual, we may be required to pay individual income tax in the PRC on behalf of the transferring shareholder. Such individual income tax would be based on any gain deemed to have been realized by such shareholder on such transfer, and may be calculated based on a tax rate of 20% applied to the transferring shareholder's interest in net book value of the entity whose shares are being transferred minus the original investment cost. A significant tax obligation arising from any such transfer of shares could materially and adversely affect our business and results of operations.

Risks Relating to Doing Business in China

Uncertainties or prolonged adversity in global or China's economic, political and social conditions or government policies could adversely affect our business and prospects.

We derive substantially all of our revenues from our operations in China. As a result, our revenues and net income are impacted to a significant extent by economic, political and social conditions in China and globally, as well as economic conditions specific to online and mobile internet usage and advertising. China's economic conditions are sensitive to global economic conditions. The global financial markets have experienced significant disruptions since 2008 and the United States, Europe and other economies have experienced periods of recession. The global macroeconomic environment is facing new challenges and there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. Recent international trade disputes, including tariff actions announced by the United States, the PRC and certain other countries, and the uncertainties created by such disputes may cause disruptions in the international flow of goods and services and may adversely affect the Chinese economy as well as global markets and economic conditions. There have also been concerns about the economic effect of the military conflicts and political turmoil or social instability in the Middle East, Europe, Africa and other places. The global economy, markets and levels of consumer spending are influenced by many factors beyond our control, including consumer perception of current and future economic conditions, political uncertainty, levels of employment, inflation or deflation, real disposable

income, interest rates, taxation and currency exchange rates. Any severe or prolonged slowdown in the global economy may adversely affect the Chinese economy which in turn may adversely affect our business and operating results.

The economy of China has, in certain aspects, been transitioning to a more market-oriented economy. Although we believe that the economic reform and the macroeconomic measures adopted by the PRC government have had a positive effect on the economic development of China, we cannot predict the future direction of these economic reforms or the effects these measures may have on our business, financial position or results of operations. In addition, the Chinese economy differs from the economies of most countries belonging to the Organization for Economic Co-operation and Development (the "**OECD**"). These differences include:

- economic structure;
- level of government involvement in the economy;
- level of development;
- level of capital reinvestment;
- control of foreign exchange;
- inflation rates;
- methods of allocating resources; and
- balance of payments position.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the Chinese economy were similar to those of the OECD member countries.

Regulation of information disseminated over the internet in China may adversely affect our business and subject us to liability for information displayed on, retrieved from or linked to our platform or website or distributed to our users.

The PRC government has adopted certain regulations governing internet access and the distribution of news and other information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements could result in the revocation of ICP License and other required licenses and

the closure of the concerned websites. The website operator may also be held liable for such prohibited information displayed on, retrieved from or linked to such website. In addition, the MIIT has published regulations that subject website operators to potential liability for content included on their websites and for the actions of users and others using their websites, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider, or ISP, to block any internet website maintained outside China in accordance with the relevant PRC laws and regulations. The State Secrecy Bureau, which is directly responsible for the protection of state secrets of the PRC government, is authorized to block any website it deems to be leaking state secrets or failing to meet the relevant regulations relating to the protection of state secrets in the dissemination of online information.

As these regulations are subject to interpretation by the relevant authorities and may change over time, it may not be possible for us to determine in all cases the type of content that could result in liability for us as a website operator. In addition, we may not be able to control or restrict the content of other internet content providers linked to or accessible through our platform, or content generated or placed on our platform by our users, despite our attempt to monitor such content. To the extent that regulatory authorities find any portion of the content on our platform objectionable, they may require us to limit or eliminate the dissemination of such information or otherwise curtail the nature of such content on our platform, which may reduce our user traffic and have a material and adverse effect on our financial condition and results of operations.

There are uncertainties associated with PRC laws and regulations on virtual assets, and therefore it is not clear what liabilities, if any, we may have relating to the loss of virtual assets by our users.

While participating on our platform, our users may acquire, purchase and accumulate certain virtual assets, such as gifts or certain statuses and privileges. Such virtual assets can be important to users and have monetary value and, in some cases, can be cashed to actual money. However, virtual assets may become lost for various reasons, often through unauthorized use of the account of one user by other users and occasionally through data loss caused by delays in network service, network crashes or hacking activities. Currently, there are uncertainties associated with PRC laws and regulations on virtual assets. As a result, uncertainties still exist as to who the legal owner of virtual assets is, whether and how the ownership of virtual assets is protected by law, and whether an operator of a platform such as ours would have any liability, whether in contract, tort or otherwise, to users or other interested parties, for loss of such virtual assets. Some recent PRC court judgments ordered certain online platform operators liable for losses of virtual assets by platform users, and have ordered online platform operators to restore the lost virtual items to users or pay damages and losses. In case of a loss of virtual assets, we may be sued by our users and

held liable for losses, which may negatively affect our reputation, business, financial condition, results of operations and prospects. We have been involved in virtual items related lawsuits in the past, and we cannot assure you that such lawsuits will not be brought against us again in the future.

Restrictions on virtual currency may result in us having to obtain additional approvals or licenses or change our current business model and may adversely affect our revenues, business and reputation.

We generate a small portion of our revenues from online games operation, which are collected through the online sale of in-game currencies. In-game currencies are considered to be "virtual currency" as such term is defined in the Notice on Strengthening the Administration of Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》) (the "**Virtual Currency Notice**"), which was jointly issued by the Ministry of Culture of the PRC (the "**MOC**") and MOFCOM on June 4, 2009. PRC laws and regulations, including this notice, have provided various restrictions on virtual currency and imposed various requirements and obligations on online game operators with respect to the virtual currency used in their games. See "*Regulations*." Although we believe that the Virtual Currency Notice does not apply to our online games operation other than the online sale of in-game currencies, given the wide discretion in enforcement given to relevant governmental authorities and uncertainties in the regulatory environment, we cannot assure you that relevant governmental authorities will not in the future interpret the Virtual Currency Notice in a different way and subject the operation of our platform to the requirements of the Virtual Currency Notice or issue new rules to regulate virtual currency in our online games operation other than the online sale of in-game currencies. We must tailor our business model carefully in order to comply with the current PRC laws and regulations, including the Virtual Currency Notice, in a manner that in many cases can be expected to result in an adverse impact on our online games revenue.

Fluctuations in the value of the Renminbi and other currencies may have a material and adverse impact on our results of operations and other comprehensive income or loss, as well as the value of your investment.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, substantially all of our revenues and expenditures were denominated in Renminbi while some of our transactions were denominated in U.S. dollars. Fluctuations in the exchange rate may cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our Consolidated Affiliated Entities. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations. In 2022, 2023, 2024 and the nine months ended September 30, 2025, we recorded currency translation gains of RMB2.1 billion, RMB348 million, RMB258 million in 2022, 2023 and 2024,

respectively, and currency translation losses of RMB171 million in the nine months ended September 30, 2025, which were recognized as other comprehensive income/(loss) in our consolidated statements of comprehensive income/(loss).

Market forces or PRC or Hong Kong or U.S. government policy may adversely impact the exchange rate between the Renminbi, Hong Kong dollar and the U.S. dollar in the future. Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Renminbi has been unpegged from the U.S. dollar since July 2005 and, although the measures adopted by People's Bank of China in the foreign exchange market may impact Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long-term. Moreover, it is possible that the PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market in the future.

There remains significant international pressure on the PRC government to adopt a flexible currency policy to allow the Renminbi to appreciate against the U.S. dollar. Significant revaluation of the Renminbi may have a material and adverse effect on your investment. Substantially all of our revenues and costs are denominated in Renminbi and any significant revaluation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares in Hong Kong dollars. To the extent that we need to convert Hong Kong dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of the Renminbi against the Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of the Renminbi against the Hong Kong dollar may significantly reduce the Hong Kong dollar equivalent of our earnings, and if we decide to convert Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares, strategic acquisitions or investments or other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

We have purchased and used options and forward contracts to hedge and reduce our exposure to foreign currency exchange risks due to fluctuations between the Renminbi and other currencies. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced currency volatility. The effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Restrictions on the remittance of Renminbi into and out of the PRC and governmental control of currency conversion may limit our ability to utilize our revenues effectively and effect foreign exchange transactions, including our ability to pay dividends and perform other obligations, and may affect the value of your investment.

Currently, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

The PRC government may further regulate foreign currencies for current account transactions or capital account transactions, and there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using some of the proceeds of this Offering to make loans or additional capital contributions to Beijing Dajia and/or our Consolidated Affiliated Entities.

Any funds we transfer to Beijing Dajia, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, the information of capital contributions to Beijing Dajia are subject to the requirement of reporting to the MOFCOM or its local counterparts through the online enterprise registration system, and registrations with other governmental authorities in China. Additionally, any foreign loan procured by Beijing Dajia is required to be registered with the SAFE or its local branches, and Beijing Dajia may not procure loans which exceed the statutory limit. Any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities for a term of over one year must be approved by the NDRC and the SAFE or its local branches. We may not obtain these governmental approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our Consolidated Affiliated Entities. If we fail to receive

such approvals or complete such registrations, our ability to use some of the proceeds of this Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect Beijing Dajia's liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE issued the Circular on Reforming the Administration Approach regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises ("**SAFE Circular 19**"), which was further amended on March 23, 2023. SAFE Circular 19 allows foreign-invested enterprises in China to convert foreign currencies into Renminbi in order to pay their registered capital and make equity investments in Renminbi. However, it still prohibits foreign-invested enterprises from making security market investments, offering entrustment loans and purchasing any investment properties, unless otherwise permitted by other relevant PRC laws and regulations. As a result, SAFE Circular 19 may restrict our ability to convert, transfer and use some of the net proceeds from this Offering.

Complexity, uncertainties and changes with respect to the PRC legal system, in particular those in relation to the internet industry and companies, could adversely affect us.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet industry-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve uncertainties and are subject to changes. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

Substantially all of our business is conducted in China and is governed by PRC laws and regulations. Beijing Dajia and our Consolidated Affiliated Entities are located in China and subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have little precedential value and can only be used as a reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by relevant enforcement bodies to further apply and enforce such laws and regulations. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to online game development and operation. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases, interpretation of PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty. Depending on the government agency or how or by whom an application or case is presented to such agency, we may receive less favorable interpretation of

laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may limit the legal protections available to foreign investors, including you.

The M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth opportunities through acquisitions in China.

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM and other government authorities jointly issued the Rules on Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was effective as of September 8, 2006 and amended on June 22, 2009 (the "**M&A Rules**"). The M&A Rules and other regulations and rules concerning mergers and acquisitions established procedures and requirements that could make merger and acquisition activities by foreign investors time consuming and complex. For example, the M&A Rules requires that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which bolds a famous trademark or PRC time-honored brand. Moreover, the PRC Anti-Monopoly Law, which was promulgated by the SCNPC on August 30, 2007, effective as of August 1, 2008 and latest amended on June 24, 2022 and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings promulgated by the State Council on January 22, 2024 require transactions which are deemed concentrations and involve parties with specified turnover thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion and at least two of these operators each had a turnover of more than RMB800 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion, and at least two of these operators each had a turnover of more than RMB800 million within China) must be notified and cleared by SAMR before they can be completed. In addition, on February 3, 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors ("**Circular No. 6**"), which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Under Circular No. 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns, and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. In August 2011, MOFCOM promulgated the Rules on Implementation of Security Review System ("**MOFCOM Security Review Rules**"), to replace the Interim Provisions of the Ministry of Commerce on Matters Relating to the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM effective from March 2011 and expired by the end of August 2011, for implementing Circular No. 6. The MOFCOM Security Review Rules, which became effective on September 1,

2011, explicitly provide that MOFCOM will look into the substance and actual impact of the transaction and further prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, and obtaining control through contractual arrangements or offshore transactions.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Discontinuation of preferential tax treatment or other unfavorable changes in tax law could result in additional costs.

Operating in the high-technology industry, a number of our PRC operating entities enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC operating entities may, if they meet the relevant requirements, qualify for certain preferential tax treatment.

Operating entities in the Chinese Mainland that qualify as High and New Technology Enterprises or other tax concessions are entitled to preferential corporate income tax rates. In addition, operating entities engaged in research and development activities may be entitled to claim a super deduction of their research and development expenses as tax deductible expenses. If our operating entities fail to maintain their qualifications for preferential tax treatment under the relevant PRC laws and regulations, their applicable enterprise income tax rates may increase by up to 25%, which could cause our income tax expenses to increase and materially and adversely affect our results of operations.

Under the PRC enterprise income tax law, we may be deemed a PRC "resident enterprise," which could result in unfavorable tax consequences to us and our Shareholders and have a material and adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) (the "**EIT Law**") that became effective on January 1, 2008 and was amended on December 29, 2018, an enterprise established outside the PRC with "de facto management bodies" within the PRC is

considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform EIT tax rate of 25% on its worldwide income. On April 22, 2009, the SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the "**Circular 82**"), which sets out certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Further to the Circular 82, on July 27, 2011 and was last amended on June 15, 2018, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) ("**SAT Bulletin 45**"), which became effective on September 1, 2011, to provide more guidance on the implementation of the Circular 82. According to the Circular 82, an offshore-incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be considered a PRC tax resident enterprise by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. SAT Bulletin 45 provides further rules on residence status determination, post-determination administration as well as competent tax authorities procedures.

Although the Circular 82 and SAT Bulletin 45 apply only to offshore-incorporated enterprises controlled by PRC enterprises or PRC enterprise groups and not those controlled by PRC individuals or foreigners, our PRC legal advisor has advised us that the determination criteria set out therein may reflect the SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises regardless of whether they are controlled by PRC enterprises, individuals or foreigners. We do not meet all of the conditions set out in the Circular 82. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes even if the standards for "de facto management body" prescribed in the Circular 82 applied to us. For example, our minutes and files of the resolutions of our Board of Directors and the resolutions of our Shareholders are maintained outside the PRC. However, the PRC tax authorities may take a different view. If the PRC tax authorities determine that our Cayman Islands holding company or any Hong Kong or BVI subsidiary is a PRC resident enterprise for PRC enterprise income tax purposes, its worldwide income could be subject to PRC tax at a rate of 25%, which could reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Although dividends paid by one PRC tax resident to another PRC tax resident should qualify as "tax-exempt income" under the enterprise income tax law, dividends paid by our PRC subsidiary to us or any of our Hong Kong or BVI subsidiaries could be subject to a 10% withholding tax if we or any of our Hong Kong or BVI subsidiaries were treated as a PRC resident enterprise. The PRC foreign exchange control authorities, which

enforce the withholding tax on dividends, and the PRC tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes.

We are subject to consumer protection laws and regulations that could require us to modify our current business practices and incur increased costs.

Our e-commerce business is subject to numerous PRC laws and regulations that regulate retailers generally or govern online retailers specifically, such as the Law on Protection of Consumers' Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》) (the "**PRC Consumer Protection Law**"). If these regulations were to change or if we or our suppliers were to violate them, the costs of certain products or services could increase, or we could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the products or services offered on our e-commerce platform and hurt our business and results of operations. For example, the amended PRC Consumer Protection Law, which became effective in March 2014, strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, with a particular focus on businesses that operate via the internet. Pursuant to the PRC Consumer Protection Law, consumers are generally entitled to return goods purchased within seven days upon receipt without giving any reasons if the purchases are made through the internet. Consumers whose interests have been harmed due to their purchase of goods or acceptance of services on e-commerce platforms may claim damages from sellers or service providers. Laws and regulations regarding consumer protection, particularly those involving transactions conducted over the internet, frequently change and are subject to interpretation. We are therefore unable to predict the ultimate cost of compliance with the relevant laws or regulations or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

We may rely on dividends paid by our WFOE to fund cash and financing requirements and our Consolidated Affiliated Entities are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company, and we may rely on dividends to be paid to us by our WFOE, Beijing Dajia, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares and to service any debt we may incur. If Beijing Dajia incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, a wholly foreign-owned enterprise in China, such as Beijing Dajia, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50%

of its registered capital. These reserve funds are not distributable as cash dividends. Any limitation on the ability of Beijing Dajia to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Furthermore, the ability of Beijing Dajia to pay dividends in turn depends on service fees paid by our Consolidated Affiliated Entities pursuant to the Contractual Arrangements. Each of our Consolidated Affiliated Entities is required to set aside at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of September 30, 2025, we had made appropriations of such statutory reserves. If Beijing Dajia, our Consolidated Affiliated Entities and their subsidiaries incur debt on their own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements.

In addition, the PRC enterprise income tax law and its implementation rules provide that a withholding tax rate of 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC and governments of other jurisdictions in which the non-PRC-resident enterprises are incorporated.

It may be difficult to effect service of process upon us or our Directors or officers who reside in Chinese Mainland or to enforce against them in Chinese Mainland any judgments obtained from non-PRC courts.

Substantially all of our assets are located within Chinese Mainland, and some of our Directors and officers reside within Chinese Mainland. Therefore, it may be difficult for investors to effect service of process upon us or our Directors and officers inside Chinese Mainland or to enforce against us or them in Chinese Mainland any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in Chinese Mainland of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening the Administration on Enterprise Income Tax for Non-Resident Enterprise Equity Transfer (the "**SAT Circular 698**") issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise

transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report such Indirect Transfer to the competent tax authority of the PRC resident enterprise. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

On February 3, 2015, the SAT issued the Announcement on Issues Concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises ("**Bulletin 7**"). Bulletin 7 supersedes the rules with respect to the Indirect Transfer under SAT Circular 698, but does not touch upon the other provisions of SAT Circular 698, which remain in force. Bulletin 7 has introduced a new tax regime that is significantly different from the previous one under SAT Circular 698. Bulletin 7 extends its tax jurisdiction to not only Indirect Transfers set out under SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, Bulletin 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10%, for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws and regulations if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

On October 17, 2017, SAT issued the Announcement on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises (《關於非居民企業所得税源泉扣繳有關問題的公告》) (the "**Bulletin 37**"), which, among others, repeals the SAT Circular 698

on December 1, 2017. Bulletin 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under SAT Circular 698, and certain rules stipulated in Bulletin 7 are replaced by Bulletin 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the Enterprise Income Tax, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

There are uncertainties as to the application of Bulletin 7 and Bulletin 37. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or made any formal declaration as to the process and format for reporting an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. Bulletin 7 and Bulletin 37 may be determined by the tax authorities to be applicable to previous investments by non-resident investors in our Company, if any, if such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-resident investors may become at risk of being taxed under Bulletin 7 and Bulletin 37 and may be required to expend valuable resources to comply with Bulletin 7 and Bulletin 37 or to establish that we should not be taxed under Bulletin 7 and Bulletin 37, which may have a material and adverse effect on our financial condition and results of operations or such non-resident investors' investments in us. We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our Shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

PRC regulations relating to offshore investment activities by PRC residents may limit our Consolidated Affiliated Entities' ability to increase their registered capital or distribute profits to us and our ability to reinvest in our Consolidated Affiliated Entities and may otherwise expose us to liability and penalties under PRC law.

In July 2014, the SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular 37**"), which requires PRC residents or entities to register with the SAFE or its local branch in connection with their establishment or

control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015. If our Shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiary. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws and regulations for evasion of applicable foreign exchange restrictions. However, we may not at all times be fully aware or informed of the identities of all our Shareholders or beneficial owners that are required to make such registrations, and we cannot compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our Shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such Shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiary, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, and limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

The PRC Labor Contract Law, any labor shortages, increased labor costs or other factors affecting our labor force may adversely affect our business, profitability and reputation.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, we engaged third-party employment agencies to dispatch or outsource contract workers. On December 28, 2012, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**PRC Labor Contract Law**") was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. For example, the number of dispatched contract workers hired by an employer may not exceed a certain percentage of our total number of employees, to be decided by the Ministry of Human Resources and Social Security and the dispatched contract workers may only engage in temporary, auxiliary or substitute work. According to the Interim Provisions on Labor Dispatch promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014, the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions on Labor Dispatch further requires the employer that is not in compliance with the above provisions to

formulate a plan to reduce the number of its dispatched contract workers to below 10% of the total number of its employees before March 1, 2016. In addition, an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10% of the total number of its employees. In 2022, 2023, 2024 and the nine months ended September 30, 2025, our total dispatched contract workers have not exceeded 10% of our total number of employees. However, the application and interpretation of these requirements under the amended PRC Labor Contract Law are limited and uncertain. If we decide to increase our number of dispatched workers in the future and were found to be in violation of the rules regulating dispatched contract workers, we may be subject to fines and penalties. Such penalties, and any labor shortages, increased labor costs or other factors affecting our labor force in relation thereto, may adversely affect our business, profitability and reputation. Further, labor disputes, work stoppages or slowdowns at our Company or any of our third-party service providers could significantly disrupt our daily operation or our expansion plans and have a material and adverse effect on our business.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in any Notes unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes, and the information contained in this offering memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, and other factors that may affect its investment and its ability to bear the applicable risks.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for China-based companies' securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in other regions in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

An active trading market may not develop for the Notes and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities with no established trading market. We will apply to the SEHK for listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that the Notes will be or remain listed or even if the Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. Holders of the Notes should note that they may need to hold their Notes until maturity as there may not be an active secondary market for the Notes. None of the initial purchasers are obligated to make a market in the Notes, and if the initial purchasers do so, they may discontinue such market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in our financial performance or prospects of companies in our industry in general. As a result, we cannot assure you that an active trading market will develop or be maintained for the Notes. If a market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, the Notes may be traded at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing market interest rates and interest rate volatility;
- our results of operations, financial condition, and future prospects;
- changes in our industry and competition;
- the market conditions for similar securities; and
- general economic conditions such as the mounting inflationary pressures and recent trade conflicts between the United States and China, almost all of which are beyond our control.

As a result, we cannot assure you that you will be able to resell the Notes at attractive prices or at all.

Investors in the Notes may be subject to foreign exchange risks.

The Notes are denominated and payable in Renminbi. An investor who measures investment returns by reference to a currency other than Renminbi would be subject to foreign exchange risks by virtue of an investment in the Notes, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

Changes in market interest rates may have an adverse effect on the price of the Notes.

Holders of the Notes may suffer unforeseen losses due to fluctuations in market interest rates. Generally, a rise in market interest rates may cause a fall in the trading prices of the Notes, resulting in a capital loss for holders of the Notes. However, holders of the Notes may reinvest the interest payments at higher prevailing interest rates. Conversely, when market interest rates fall, the trading prices of the Notes may rise. Holders of the Notes may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the interest rates. If holders of the Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

If securities or industry analysts cease to publish research or publish inaccurate or unfavorable research about our business, the market price for the Notes and trading volume could decline.

The trading market for our Notes will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade the Notes or us generally or publish inaccurate or unfavorable research about our business, the market price for the Notes would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the Notes to decline significantly.

The terms of the Notes and the indentures provide only limited protection against significant corporate events that could materially and adversely impact your investment in the Notes.

While the Notes and the indentures under which the Notes will be issued contain terms intended to provide a certain level of protection to holders of the Notes upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the Notes. For example, the indentures that will govern the Notes will not prohibit some important corporate events, such as

leveraged recapitalizations, even though those corporate events could significantly increase the level of our indebtedness or otherwise materially and adversely affect our capital structure, credit ratings, or the value of the Notes. In particular, we have conducted and may continue to conduct open market repurchases of our Shares pursuant to the share repurchase mandate granted by our Shareholders at the annual general meeting held on June 19, 2025.

The indentures for the Notes also do not:

- require us to maintain any financial ratios or specific levels of net worth, revenue, income, cash flows, or liquidity;
- limit our ability to incur indebtedness that is equal in right of payment to the Notes;
- restrict the ability of our subsidiaries or Consolidated Affiliated Entities to issue unsecured debt securities or otherwise incur unsecured indebtedness that would be senior to our equity interests in our subsidiaries or Consolidated Affiliated Entities and therefore rank effectively senior to the Notes;
- limit the ability of our subsidiaries or Consolidated Affiliated Entities to service other indebtedness;
- restrict our ability to repurchase or prepay any other of our securities or other indebtedness;
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our shares or other securities ranking junior to the Notes;
- limit our ability to sell, merge or consolidate any of our subsidiaries or Consolidated Affiliated Entities; or
- limit our ability or that of our subsidiaries or Consolidated Affiliated Entities to secure or guarantee any bank debt, bank loans, or securitizations.

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the indentures and the Notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances, and events that could have a material adverse impact on your investment in the Notes.

The Notes are unsecured obligations.

As the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, reorganization, or other winding-up proceedings;

- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of our indebtedness.

If any of these events occur, our assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing that indebtedness.

The Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness with respect to the assets that secure that indebtedness. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of us, the proceeds from the sale of assets securing our secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness has been paid in full. As a result, holders of the Notes may receive less ratably than the holders of secured debt in the event of our bankruptcy, insolvency, liquidation, dissolution, or reorganization.

The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of our existing and future subsidiaries and effectively subordinated to their secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of our existing and future subsidiaries, whether or not secured. We may not have direct access to the assets of their respective subsidiaries unless these assets are transferred by dividend or otherwise to us. The ability of such subsidiaries to pay dividends or otherwise transfer assets to us is subject to various restrictions under applicable laws and contracts to which they are party. Each of such subsidiaries is a separate legal entity that has no obligation to pay any amounts due under the Notes or make any funds available therefor, whether by dividend, loans, or other payments. Our right to receive assets of any of their respective subsidiaries upon such subsidiary's liquidation or reorganization will be effectively subordinated to the claim of such subsidiary's creditors (except to the extent that we are the creditors of that subsidiary). Consequently, the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of such subsidiary and any subsidiary that we may in the future acquire or establish.

The indentures do not restrict the amount of additional debt that we may incur and have limited restrictions on our ability to incur secured or guaranteed debt.

The Notes and the indentures under which the Notes will be issued do not limit the amount of unsecured debt that may be incurred by us or our subsidiaries or Consolidated Affiliated Entities, and permit us and our subsidiaries and Consolidated Affiliated Entities to incur or guarantee an unlimited amount of secured bank debt, bank loans, and securitizations as well as other types of indebtedness in certain circumstances, including Renminbi-denominated notes, bonds, and debentures initially offered, marketed, or issued primarily to persons residing in China, without securing or guaranteeing the Notes equally and ratably therewith. In addition, we (including our controlled entities) are permitted to secure capital markets indebtedness in certain circumstances. Our and our subsidiaries' and Consolidated Affiliated Entities' incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it difficult for us to satisfy our obligations with respect to the Notes, a loss in the market value of your Notes, and a risk that the credit rating of the Notes is lowered or withdrawn.

We may not be able to repurchase the Notes upon a Triggering Event.

Upon the occurrence of a Triggering Event described in "Description of the Notes – Repurchase Upon Triggering Event," we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase. The source of funds for any purchase of the Notes would be our available cash or cash generated from our subsidiaries' or Consolidated Affiliated Entities' operations or other sources, including borrowings, sales of assets, or sales of equity. We may not be able to repurchase the Notes upon a Triggering Event because we may not have sufficient financial resources to purchase all of the debt securities that are tendered upon a Triggering Event and repay our other indebtedness that may become due. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Notes may be limited by law.

Holders of the Notes may not be able to determine when a Triggering Event giving rise to their right to have the Notes repurchased has occurred.

The definition of Triggering Event in the indentures that will govern the Notes includes a phrase relating to operating "substantially all" or deriving "substantially all" of the economic benefits from, the business operations that we conduct. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the Notes as a result of a Triggering Event may be uncertain.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under applicable securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable securities laws, and we do not currently intend to register the Notes in any jurisdiction. The holders of the Notes will not be entitled to require us to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable securities laws of your jurisdiction or state, and you may be required to bear the risk of your investment for an indefinite period of time. See "*Transfer Restrictions*."

The ratings of the Notes and our corporate ratings may be lowered, suspended, or withdrawn; changes in such credit ratings may adversely affect the value of the Notes.

The Notes are expected to be assigned a rating of "A-" by S&P, "A3" by Moody's, and "A-" by Fitch. In addition, we have been assigned a long-term corporate credit rating of "A-" with a stable outlook by S&P, "A3" with a stable outlook by Moody's, and "A-" with a stable outlook by Fitch. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes and the structure, market and other factors that may affect the value of the Notes, but rather reflect only the view of each rating agency and their assessment of our ability to perform our obligations under the Notes and the credit risk in determining the likelihood that payments will be made when due under the Notes at the time the rating is issued. An explanation of the significance of a rating may be obtained from the relevant rating agency. Ratings are not recommendations to buy, sell, or hold securities and may be revised or withdrawn by the rating agency at any time, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended, or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating. We are not obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the Notes and increase our corporate borrowing costs.

We may be deemed a "resident enterprise" under PRC tax laws, which could subject interest on the Notes to PRC withholding tax and gains on the transfer of the Notes to PRC income tax and could, under certain circumstances, permit us to redeem the Notes.

If we are considered a PRC resident enterprise under the EIT Law, as described above under "Under the PRC enterprise income tax law, we may be deemed a PRC "resident enterprise," which could result in unfavorable tax consequences to us, our Shareholders and our noteholders and have a material and adverse effect on our results of operations and the value of your investment,"

holders of the Notes who are non-resident enterprises may be subject to PRC withholding tax on interest paid and PRC income tax on any gains realized from the transfer or redemption of Notes, if such income is considered to be derived from sources within China, at a rate of 10%, provided that such non-resident enterprise investor (i) has no establishment or premises in China, or (ii) has an establishment or premises in China but its income derived from China has no real connection with such establishment or premises. Furthermore, if we are considered a PRC resident enterprise and relevant PRC tax authorities consider interest we pay with respect to the Notes or any gains realized from the transfer or redemption of Notes to be income derived from sources within China, such interest earned by non-resident individuals may be subject to PRC withholding tax and such gain realized by non-resident individuals may be subject to PRC individual income tax, in each case at a rate of 20%. Any PRC income tax liability may be reduced under applicable income tax treaties. However, if we are considered a PRC resident enterprise, it is unclear whether in practice non-resident investors would be able to obtain the benefits of tax treaties between China and their countries. In addition, if we are considered a PRC resident enterprise, interest payable to non-resident holders of the Notes may be subject to PRC value-added tax at a rate of 6%. As described under "Description of the Notes — Tax Redemption" and "Description of the Notes — Tax Redemption," we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest if such requirement to pay additional amounts results from a change in law (or a change in the official application or interpretation of law or a stating of a new official position with respect thereto).

If we are unable to comply with the restrictions and covenants in our various debt agreements or the indentures, there could be a default under the terms of these agreements or the indentures, which could cause the repayment of our debt to be accelerated.

We are subject to certain restrictions and covenants in our various debt agreements. From time to time we may have to seek amendments, waivers, and consents in connection with covenants and breaches under our debt facilities and we cannot assure you that such amendments, waivers or consents, as the case may be, will be granted by corresponding creditors.

If we are unable to comply with the restrictions and covenants in the indentures or our current or future financing and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to us, accelerate the debt obligation, and declare all amounts borrowed due and payable, or terminate the agreements, as the case may be. Furthermore, certain of our debt agreements contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, or result in a default under other debt agreements. If any of these events should occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, we cannot assure you that it would be on terms that are favorable or acceptable to us.

We may not have the ability to raise the funds necessary to (i) repurchase the Notes on specified dates, (ii) repurchase the Notes upon the occurrence of a Triggering Event, or the Notes upon a redemption, or (iii) to repay the principal of the Notes at maturity, and our future debt may contain limitations on our ability to repurchase or redeem the Notes when required.

We may not have sufficient funds to pay the interest or repurchase price. If we fail to pay interest on the Notes or repurchase the Notes, we will be in default under the indentures governing the Notes, which in turn may constitute a default under existing and future agreements governing our indebtedness. In addition, if we issue other debt securities in the future, our debt service obligations will increase.

However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the Notes or redeem the Notes. In addition, our ability to repurchase the Notes or redeem the Notes may be limited by law, by regulatory authority or by agreements governing our and/or our subsidiaries' current or future indebtedness. Our failure to repurchase the Notes or pay the redemption price or repay the principal at a time when the repurchase or such payment is required by the indentures governing the Notes would constitute a default under the indentures governing the Notes. A default under the indentures or the Triggering Event itself could also lead to a default under any indentures or agreement governing our indebtedness or any future indebtedness. If the repayment of any indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase or redeem the Notes, as applicable. Also see "*Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a Triggering Event*" and "*Risk Factors — Risks Relating to the Notes — We may elect to redeem the Notes prior to their maturity*."

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, whose standards may be different from those applicable to companies in certain other countries.

We will apply to the SEHK for the listing of and permission to deal in the Notes by way of debt issues to Professional Investors only. For so long as the Notes are listed on the SEHK, we will be subject to the applicable corporate disclosure standards for debt securities listed on the SEHK. The disclosure standards imposed by the SEHK may be different from those imposed by securities exchanges in other countries or regions such as the United States or Singapore. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

We may elect to redeem the Notes prior to their maturity.

Pursuant to terms of the Notes and the indentures, we may elect to redeem the Notes prior to their maturity in whole or in part at the price specified in the sections entitled "Description of the Notes — Optional Redemption." The date on which we elect to redeem the Notes may not accord with the preference of particular noteholders. In addition, a noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes.

In addition, as described under "Description of the Notes — Tax Redemption," in the event we are required to pay Additional Amounts (as defined therein) with respect to any payment due or to become due under the Notes as a result of (i) any change in or amendment to the laws or regulations of the Relevant Jurisdiction (as defined therein), or (ii) any change in the official application or official interpretation of, or the stating of an official position with respect to, such laws or regulations, which change or amendment becomes effective on or after the issue date of the Notes and such obligation cannot be avoided by the taking of reasonable measures by us, then subject to certain conditions, we may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, if any, to, but not including, the date fixed for redemption.

We may make amendments or modifications to certain provisions of the indentures.

Under certain circumstances as described under "Description of the Notes — Modification and Waiver," we may, from time to time and without the consent of any holder of the Notes, make certain amendments to the indentures. Further, under certain circumstances as described under "Description of the Notes — Modification and Waiver," we may, from time to time and with the written consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the indentures, make certain amendments to the indentures, or change or modify the rights of the holders of the Notes. If the requisite consents are obtained (if required) or the relevant conditions are satisfied (or waived) and such amendments or modifications become operative, all holders of the outstanding Notes will be bound by the terms of the indentures as amended, whether or not a holder of the Notes delivered a consent. Such amendments or modifications could materially increase the credit risks faced by holders of the Notes or could otherwise be materially adverse to the interests of holders of the Notes.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction.

Under certain circumstances, including without limitation giving notice to us upon an event of default and taking enforcement steps pursuant to the terms of the indentures, the trustee may, at its sole and absolute discretion, request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction against the costs, expenses, and liabilities which may be incurred therein or thereby before it takes steps and/or actions and/or institutes proceedings on

behalf of holders of the Notes. The trustee will not be obliged to take any such steps and/or actions and/or institute such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact when such steps and/or actions can be taken and/or such proceedings can be instituted. The trustee may not be able to take steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the indentures and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the noteholders to take such actions directly.

The Notes will be represented by global notes and holders of a beneficial interest in the global notes must rely on the procedures of the CMU.

The Notes initially will be represented by a global note in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as the CMU Operator. Except in the limited circumstances described in the global note, owners of interests in the Notes represented by the global note will not be entitled to receive definitive Notes in registered certificated form in respect of their individual holdings of the Notes. For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, any transfer of interests in the Notes shall be effected in accordance with the rules and procedures for the time being of the CMU Operator or the relevant clearing systems.

For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, the CMU Lodging and Paying Agent will make payments to the CMU Operator for distribution to CMU accountholders in accordance with the CMU's rules and procedures at the relevant time. Such payment made in accordance thereof shall discharge our obligations in respect of that payment.

A holder of a beneficial interest in a global note must rely on the procedures of the CMU to receive payments under the Notes. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global note.

Renminbi is not freely convertible and there are restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of the Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals

from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the People's Bank of China (the "**PBOC**") and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalize control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilization will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit our ability to repatriate funds outside the PRC to meet our obligations under the Notes, we will need to source Renminbi offshore to finance such obligations under the Notes, and our ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in the Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and our ability to source Renminbi outside the PRC to service the Notes.

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions (each, a "**Renminbi Clearing Bank**") in a number of financial centers and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square

open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent we are required to source Renminbi outside the PRC to service the Notes, there is no assurance that we will be able to source such Renminbi on satisfactory terms, if at all.

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that we decide to remit some or all of the proceeds into the PRC in Renminbi, our ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that we do remit some or all of the proceeds into the PRC in Renminbi and we subsequently are not able to repatriate funds outside the PRC in Renminbi, we will need to source Renminbi outside the PRC to finance our obligations under the Notes, and our ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in the Notes is subject to exchange rate risks.

The value of Renminbi against the US dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the US dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. We will make all payments of interest and principal

with respect to the Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. Accordingly, the value of the investment made by a holder of the Notes in that foreign currency will decline.

Payments with respect to the Notes may be made only in the manner designated in the Notes.

All payments to investors in respect of the Notes will be made solely, for so long as the Notes are represented by a global note lodged with a sub-custodian for the Hong Kong Monetary Authority as the CMU Operator, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures. We cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft, or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Notes.

In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Notes may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Notes.

Investment in the Notes is subject to interest rate risks.

The value of Renminbi payments under Notes may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalized its regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Notes may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of the Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company's consolidated capitalization and indebtedness as of September 30, 2025 on an actual basis under IFRS Accounting Standards and as adjusted to give effect to the gross proceeds from the issuance of the Notes being issued, before deducting underwriting commissions and certain estimated offering expenses. The following table should be read in conjunction with the "Summary Consolidated Financial and Other Data" and the audited consolidated financial statements, and the unaudited condensed consolidated interim financial information, and related notes included elsewhere in this offering memorandum.

The as adjusted information below is illustrative only and, except as described above, does not take into account any other changes in our capitalization after September 30, 2025.

	As of September 30, 2025			
	Actual		As adjusted	
	(RMB in millions)	*(US$ in millions[(1)])*	*(RMB in millions)*	*(US$ in millions[(1)])*
	(unaudited)			
Current indebtedness				
Short-term borrowings	1,990	280	1,990	280
Subtotal	**1,990**	**280**	**1,990**	**280**
Non-current indebtedness				
Long-term borrowings	11,098	1,559	11,098	1,559
Notes to be issued[(2)]	—	—	14,099	1,980
Subtotal	**11,098**	**1,559**	**25,197**	**3,539**
Equity				
Share capital	—	—	—	—
Share premium	265,815	37,339	265,815	37,339
Treasury shares	—	—	—	—
Other reserves	37,576	5,278	37,576	5,278
Accumulated losses	(228,776)	(32,136)	(228,776)	(32,136)
Equity attributable to equity holders of the Company	**74,615**	**10,481**	**74,615**	**10,481**
Total capitalization[(3)]	**87,703**	**12,320**	**101,802**	**14,300**

Notes:

(1) Figures in U.S. dollars are translated at the exchange rate of RMB7.1190 per US$1.00, the prevailing rate on September 30, 2025 according to the H.10 statistical release of the Federal Reserve Board.

(2) Refers to the aggregate principal amount of the Notes and the USD Notes before deducting the commissions and estimated offering expenses.

(3) Total capitalization equals the sum of current indebtedness, non-current indebtedness, and equity attributable to equity holders of the Company.

Except as disclosed in this offering memorandum, there has been no material change in the Company's capitalization and indebtedness since September 30, 2025.

USE OF PROCEEDS

We estimate that the gross proceeds from this offering will be approximately CNY3,500 million, before deducting the initial purchasers' fees and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering primarily for general corporate purposes.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering subject to the applicable the PRC laws and regulations. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this offering memorandum subject to the applicable PRC laws and regulations.

The following discussion should be read in connection with "Summary Consolidated Financial and Other Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Certain statements in this section are forward-looking statements. See "*Forward-Looking Statements*". Our historical consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

Critical Accounting Policies and Estimates

We have identified the accounting policies that we believe are the most significant to the preparation of our consolidated financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 4 of the audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and Notes 3 and 4 of the unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025, included in this offering memorandum. Some of our critical accounting policies involve subjective assumptions and estimates and complex judgments by our management relating to accounting items.

The estimates and associated assumptions, which we believe are reasonable under the circumstances, are based on our historical experience and other factors, and form the basis of our judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

We derive revenue from online marketing services, live streaming, and other services. We recognize revenue when or as the control of the promised goods or services is transferred to a customer, net of VAT, rebates and certain sales incentives. If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate transaction price to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers.

The following sets forth the accounting policies for revenue from online marketing services, live streaming and other services.

Online Marketing Services

We offer diversified online marketing solutions primarily including performance-based marketing services that are based on actual performance measurement and display-based marketing services that are display of marketing contents for an agreed period of time. We provide rebates to customers including agencies based on contracted rebate rates and estimated revenue volume, which are accounted for as variable consideration. Revenue is recognized based on the price charged to customers, net of rebates provided to customers.

To fulfill contracts with certain customers, we enter into cooperation agreements with third-party platforms and place our customers' marketing contents on those third-party platforms. For the services mentioned above, we are the principal for fulfilling these marketing service contracts as we have obtained controls over the third-party platform services through cooperation contracts and, in some cases, have integrated with other services before they are transferred to our customers. We are also primarily responsible for fulfilling these marketing services as we are the only party that our customers entered into agreements with. As such, we recognize revenue from contracts with customers on a gross basis and records charges from third-party platforms as cost of revenues.

Performance-based marketing services

We provide performance-based marketing services which allow customers to promote on our mobile platforms and third parties' internet properties. Performance-based marketing services are primarily presented and delivered in the way of short video or live streaming exposure with clickable thumbnails or marketing contents. Revenue from performance-based marketing services is recognized when relevant specific performance measures are fulfilled.

Display-based marketing services

Display-based marketing services allow customers to promote in the form of opening-page splash, traditional banners and logos, etc. on various interfaces of the platform. The revenue is recognized ratably over the period that the marketing content is displayed. Generally, the terms of these display-based marketing services are short.

Live Streaming

We operate and maintain mobile platforms where users can enjoy live stream performances provided by streamers and interact with them on a real-time basis for free. We operate a virtual item system, under which viewers can purchase virtual items and present them as gifts to streamers to show their support and appreciation. Revenues from live streaming derive from sales of virtual items on our platform, and viewers are our customers. We produce and deliver the virtual items. Sales of virtual items are recognized as revenue when they are gifted by viewers to streamers, as we have no further obligations related to virtual items once they are gifted to the streamers. The proceeds received from the sales of virtual items before they are gifted by viewers to the streamers are recorded as advances from customers.

In order to attract streamers to the platforms, we share revenue with the streamers in accordance with our agreements with them. We have evaluated and concluded that we are the principal for the sales of the virtual items on the platforms. We produce and control the virtual items before they are transferred to customers and we set the prices of virtual items. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognized as "cost of revenues" in the consolidated income statements.

Other Services

Other services revenue primarily includes revenue from the e-commerce business, online games and other value-added services, including Kling AI. For the e-commerce business, we allow merchants to promote and sell goods on our platform and charge commissions on the sales of goods completed through our platform based on agreed commission rates. We do not take controls of goods sold through our platform. Commission revenue related to e-commerce business is recognized at a point in time when the underlying transaction is completed. For online games and other value-added services, revenues are recognized when we have satisfied the performance obligations under the service contracts.

Major Factors Affecting Our Results of Operations

Our results of operations are affected by general factors affecting the broader mobile internet industry and internet services globally, which include overall macroeconomic conditions and the level of per capita disposable income, governmental policies and regulatory initiatives affecting content-based social platforms worldwide, competition from diverse online entertainment platforms, the popularity of social platforms, including those of content-based platforms and e-commerce platforms, together with the emergence and adoption of AIGC technologies.

Unfavorable changes in any of these factors could negatively affect demand for our services and materially and adversely affect our results of operations.

Our results of operations are also affected by certain company-specific factors, including the following:

Our ability to grow our user base and enhance user engagement

We are China's second largest short video company and China's third largest App, in terms of total user time spent penetration, according to QuestMobile in September 2025.

Our business depends on our ability to grow our user base, promote user retention and increase user engagement. We have focused on growing our user base and improving user engagement by diversifying our content. As our platform engenders a highly social and interactive experience and allows users to build connections and engagement based on common interests, we foster a vibrant ecosystem for users and businesses to interact. The following table sets forth our average DAUs and average MAUs on Kuaishou App for the years or periods indicated, respectively:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
Average DAUs *(in millions)*	355.7	379.9	399.4	398.9	411.1
Average MAUs *(in millions)*	612.7	678.2	709.7	701.1	719.2

A larger user base crease a more expansive community that leads to greater user engagement and time spent per active user, which in turn improves the effectiveness of the online marketing services, live streaming and other services that we're able to provide. This ultimately allows us to generate higher average revenue per DAU through the platform, and creates more monetization opportunities for our partners.

Our ability to monetize through multiple channels reinforced by the network effects inherent in our platform model

We have developed a monetization model with a mix of products and services to address the myriad user needs that arise naturally in our ecosystem. Our revenues and profitability are affected by our ability to monetize, which in turn depends on our ability to increase the revenues of our online marketing services, live streaming and other services, including e-commerce. We began to scale commercially in 2016, and we continue to strengthen and diversify our monetization channels.

The majority of the revenues we generated from 2022 were derived from online marketing services. The continued growth in our revenue from online marketing services depends on the growth of our user base and the time spent per user, as well as the eCPM we are able to garner.

We have been able to raise eCPM over time thanks to our ability to iterate recommendation algorithms continuously, leveraged by large AI models, to enable more precise targeting and enhance marketing conversion efficiency. Meanwhile, upgraded online marketing placement solutions, such as Universal Auto X and omni-domain traffic support, have lowered the threshold for marketing clients to create and optimally place marketing creative. These efforts, combined with our market intelligence, allow us to effectively capture commercialization opportunities. Online marketing services revenue has generally increased since 2022. From 2022 to 2024, our revenue from online marketing services increased at a CAGR of 21.5%. For the nine months ended September 30, 2025, revenue from our online marketing services reached RMB57.8 billion, up 11.7% year-over-year.

We generated revenue from live streaming. We are continuously building a healthy, sustainable live-streaming ecosystem and have achieved growth propelled by high-quality content. Our ability to further increase the number of our partner talent agencies, the number of talent agency-managed streamers will impact our ability to create high-quality content and to enhance user engagement, thus impacting our revenue from live streaming. From 2022 to 2024, our revenue from live streaming increased at a CAGR of 2.3%. For the nine months ended September 30, 2025, revenue from our live streaming reached RMB29.4 billion, up 8.1% year-over-year.

In addition, we also generated revenue from our other services including e-commerce. We are leveraging our content-based scenarios and pan-shelf-based e-commerce advantages to include more abundant e-commerce offerings and to enhance the recommendation efficiency of our omni-platform traffic. In turn, this allows us to drive further partnerships with merchants and KOLs and to optimize the user shopping experience. The total GMV of e-commerce transactions facilitated on our platform increased at a CAGR of 24.2% from 2022 to 2024. For the nine months ended September 30, 2025, the total GMV of e-commerce transactions reached almost RMB1.1 trillion, up 16.0% year-over-year.

Our ability to provide innovative products and services using technology

In order to attract and retain users and to keep the level of user engagement high, we continue to innovate our products and services, implement new technologies and improve the features on our platform. In particular, we have over the years developed proprietary AI-driven products and solutions to empower our business ecosystems, leveraging on the vast troves of data. Utilizing the capacity of large AI models, we improved our content recommendation accuracy, increasing user time spent and user engagement. Our AI technology optimizes end-to-end online marketing solutions, encompassing AIGC for material production, marketing placement smart agent, and large marketing recommendation models.

The AI innovation required our investments. Our investments in technology allow us to enhance user experience, improve operational efficiency as well as strengthen our monetization capabilities. In addition, it is critical for us to continue to recruit, retain and motivate talented and experienced personnel in order to stay at the forefront of technology.

Our ability to maintain our EBITDA margin and to operate a cash-generative business

Our ability to maintain stable operating margins and continue to operate a cash-generative business is critical to sustaining our profitability and financial flexibility. Our platform has significant operating leverage which enables us to realize structural cost savings as we scale. Through our continued growth and our efforts to optimize costs and expenses, we have reported a steady increase in operating profit margin and adjusted EBITDA margin over time. From 2022 to 2024, our adjusted EBITDA margin improved from 1.9% to 19.5%. We achieved adjusted EBITDA margin of 21.1% in the nine months ended September 30, 2025, an increase versus 19.6% during the same period ended September 30, 2024.

The mix of service offerings on our platform and our ability to manage our cost of revenues affect our results of operations, including in particular our overall gross margin. Our gross margins vary across different business segments. Business segments with higher gross margins, such as online marketing services and e-commerce, have contributed to an increasing proportion of our revenue, resulting in increasing overall gross profit margin. We constantly upgrade and scale our IT infrastructure, including our data centers and cloud computing capacity, to support our growing ecosystem and expanding product and service offerings. We are able to realize substantial operating leverage through this technology optimization, thus decreasing our bandwidth expenses and server custody costs as a percentage of total revenues over time. Due to the positive business mix shift and our continued efforts in managing cost of revenues, our gross margin has increased over time.

Our ability to manage our expenses also affects our results of operations, including our EBITDA margin. Due to our sustained efforts to improve our operating efficiency and exercise disciplined expense controls, our operating expenses, comprising selling and marketing expenses, administrative expenses, and research and development expenses, decreased as a percentage of total revenues over time.

Consistent margins enable us to meet debt obligations with low risk and support long-term growth. Strong cash generation further allows us to fund capital expenditures and strategic investments, including in AI and other technology initiatives, without relying excessively on external financing.

Consolidated Income Statements

The following table sets forth our consolidated income statements, both in absolute amounts and as percentages of our total revenues, for the years or periods indicated. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in millions, except for percentages)									
							(unaudited)			
Revenues	**94,183**	**100.0**	**113,470**	**100.0**	**126,898**	**100.0**	**91,514**	**100.0**	**103,208**	**100.0**
Cost of revenues	(52,052)	(55.3)	(56,079)	(49.4)	(57,606)	(45.4)	(41,345)	(45.2)	(46,478)	(45.0)
Gross profit	**42,131**	**44.7**	**57,391**	**50.6**	**69,292**	**54.6**	**50,169**	**54.8**	**56,730**	**55.0**
Selling and marketing expenses	(37,121)	(39.4)	(36,496)	(32.2)	(41,105)	(32.4)	(29,788)	(32.6)	(30,820)	(29.9)
Administrative expenses	(3,921)	(4.2)	(3,514)	(3.1)	(2,916)	(2.3)	(2,050)	(2.2)	(2,413)	(2.3)
Research and development expenses	(13,784)	(14.6)	(12,338)	(10.9)	(12,199)	(9.6)	(8,748)	(9.6)	(10,348)	(10.0)
Other income	1,547	1.6	978	0.9	533	0.4	346	0.4	96	0.1
Other (losses)/gains, net	(1,410)	(1.4)	410	0.4	1,682	1.3	1,090	1.2	1,602	1.5
Operating (loss)/profit	**(12,558)**	**(13.3)**	**6,431**	**5.7**	**15,287**	**12.0**	**11,019**	**12.0**	**14,847**	**14.4**
Finance income/(expense), net	166	0.1	539	0.5	236	0.2	217	0.2	(118)	(0.1)
Share of losses of investments accounted for using the equity method	(139)	(0.1)	(81)	(0.1)	(29)	(0.0)	(28)	(0.0)	(7)	(0.0)
(Loss)/Profit before income tax	**(12,531)**	**(13.3)**	**6,889**	**6.1**	**15,494**	**12.2**	**11,208**	**12.2**	**14,722**	**14.3**
Income tax (expenses)/benefits	(1,158)	(1.2)	(490)	(0.5)	(150)	(0.1)	162	0.2	(1,332)	(1.3)
(Loss)/Profit for the year/period	**(13,689)**	**(14.5)**	**6,399**	**5.6**	**15,344**	**12.1**	**11,370**	**12.4**	**13,390**	**13.0**
Non-IFRS Accounting Standards Measures										
Adjusted net (loss)/profit[(1)] (unaudited)	(5,751)	(6.1)	10,271	9.1	17,716	14.0	13,015	14.2	15,184	14.7
Adjusted EBITDA[(2)] (unaudited)	1,815	1.9	17,424	15.4	24,770	19.5	17,901	19.6	21,802	21.1

Notes:

(1) We define "adjusted net (loss)/profit" as (loss)/profit for the year or period adjusted by share-based compensation expenses and net fair value changes on investments.

(2) We define "adjusted EBITDA" as adjusted net (loss)/profit for the year or period adjusted by income tax expenses/(benefits), depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance (income)/expense, net.

Major Components of Our Results of Operations

Revenues

The following table sets forth our revenues by type in absolute amounts and as percentages of our total revenues for the years or periods indicated, respectively:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in millions, except for percentages)									
							(unaudited)			
Online marketing services	49,042	52.1	60,304	53.1	72,419	57.1	51,799	56.6	57,844	56.0
Live streaming	35,388	37.6	39,054	34.4	37,061	29.2	27,215	29.7	29,432	28.5
Other services	9,753	10.3	14,112	12.5	17,418	13.7	12,500	13.7	15,932	15.5
Total	**94,183**	**100.0**	**113,470**	**100.0**	**126,898**	**100.0**	**91,514**	**100.0**	**103,208**	**100.0**

Cost of Revenues

Our cost of revenues comprises (i) revenue sharing costs and related taxes; (ii) bandwidth expenses and server custody costs; (iii) depreciation of property and equipment and right-of-use assets, and amortization of intangible assets; (iv) employee benefit expenses; (v) payment processing costs; and (vi) other cost of revenues.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the years or periods indicated, respectively:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in millions, except for percentages)									
							(unaudited)			
Gross profit	42,131	44.7	57,391	50.6	69,292	54.6	50,169	54.8	56,730	55.0

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of promotion and marketing expenses. These expenses mainly include user acquisition and maintenance costs and expenses associated with brand marketing campaigns. We incur user acquisition and maintenance costs to promote our

products and services offerings and to acquire and retain users. We incur expenses associated with brand marketing campaigns to increase our brand recognition, which is expected to have long-term benefit to the overall development of our ecosystem.

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses for our administrative personnel.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses for our research and development personnel and (ii) depreciation and amortization expenses.

Other Income

Other income primarily comprises subsidies, including VAT preferences.

Other (Losses)/Gains, Net

Our other (losses)/gains, net primarily include net fair value changes on financial assets at fair value through profit or loss of wealth management products and investments in listed and unlisted entities, net foreign exchange (losses)/gains and others.

Operating (Loss)/Profit

We had an operating profit of RMB15.3 billion and an operating margin of 12.0% in 2024, compared to an operating profit of RMB6.4 billion and an operating margin of 5.7% in 2023, and an operating loss of RMB12.6 billion and a negative operating margin of 13.3% in 2022. We had an operating profit of RMB14.8 billion and an operating profit of RMB11.0 billion for the nine months ended September 30, 2025 and the nine months ended September 30, 2024, respectively.

The following table sets forth our operating (loss)/profit by segment in absolute amounts for the years or periods indicated, respectively:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB in millions)		
				(unaudited)	
Domestic	192	11,402	16,355	11,994	15,137
Overseas	(6,638)	(2,789)	(934)	(698)	(17)
Unallocated items[(1)]	(6,112)	(2,182)	(134)	(277)	(273)
Total	**(12,558)**	**6,431**	**15,287**	**11,019**	**14,847**

Note:

(1) Unallocated items include share-based compensation expenses, other income and other (losses)/gains, net.

Finance Income/(Expense), Net

Finance income/(expense), net primarily comprises finance income net of finance expense. Finance income includes interest income from bank deposits, and finance expense includes interest expense from lease liabilities and borrowings.

Taxation

In 2022, 2023 and 2024, we had income tax expenses of RMB1.2 billion, RMB490 million and RMB150 million, respectively. In the nine months ended September 30, 2024 and 2025, we had income tax benefits of RMB162 million and income tax expenses of RMB1.3 billion, respectively.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, the BVI, Hong Kong and the PRC, which we believe are significant, in 2022, 2023, 2024 and the nine months ended September 30, 2025.

Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made by or to the Company.

BVI

Our entities established under the BVI Business Companies Act (as amended) are not subject to tax on income or capital gains.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

PRC

Our income tax provision in respect of our operations in Chinese Mainland was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, based on the existing legislation, interpretation and practices in respect thereof.

Certain of our subsidiaries in Chinese Mainland were accredited as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

In addition, certain of our subsidiaries were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of Chinese Mainland upon fulfillment of certain requirements of the respective local governments.

Since 2018, enterprises engaging in research and development activities would be entitled to claim 175% 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 PRC announced in September 2022 to increase the Super Deduction rate to 200% of their research and development expenses from October 1, 2022 to December 31, 2022, and further announced in March 2023 to increase the Super Deduction rate to 200% of their research and development expenses from January 1, 2023 onwards. We have made our best estimate for the Super Deduction to be claimed for our entities in ascertaining their assessable profits during the respective years and periods.

Withholding Tax

According to applicable tax regulations prevailing in Chinese Mainland, distribution of profits earned by companies in Chinese Mainland since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country/jurisdiction of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

Period to Period Comparison of Results of Operations

Nine Months ended September 30, 2025 Compared to Nine Months ended September 30, 2024

Revenues

Our revenues increased by 12.8% to RMB103.2 billion for the nine months ended September 30, 2025, from RMB91.5 billion for the nine months ended September 30, 2024.

Online marketing services

Revenue from our online marketing services increased by 11.7% to RMB57.8 billion for the nine months ended September 30, 2025, from RMB51.8 billion for the nine months ended September 30, 2024, primarily attributable to the use of AI technology to continuously upgrade marketing product solutions.

Live streaming

Revenue from our live streaming business increased by 8.1% to RMB29.4 billion for the nine months ended September 30, 2025, from RMB27.2 billion for the nine months ended September 30, 2024, as a result of our continuous efforts to develop a rich and healthy living streaming ecosystem and diverse high-quality content.

Other services

Revenue from our other services increased by 27.5% to RMB15.9 billion for the nine months ended September 30, 2025, from RMB12.5 billion for the nine months ended September 30, 2024, primarily due to the growth of our e-commerce business and Kling AI business. The growth of e-commerce business was represented by the growth in our e-commerce GMV. The growth of Kling AI business was primarily attributable to our advanced AI technology and exceptional product performance.

Cost of Revenues

Our cost of revenues increased by 12.4% to RMB46.5 billion for the nine months ended September 30, 2025, from RMB41.3 billion for the nine months ended September 30, 2024, which was generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 13.1% to RMB56.7 billion for the nine months ended September 30, 2025, from RMB50.2 billion for the nine months ended September 30, 2024. Our gross profit margin increased to 55.0% from 54.8%. The growth of gross profit was generally in line with our revenue growth, while the gross profit margin was relatively stable.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 3.5% to RMB30.8 billion for the nine months ended September 30, 2025 from RMB29.8 billion for the nine months ended September 30, 2024, and decreased to 29.9% from 32.6% as a percentage of our total revenues, which was mainly attributable to our continuous efforts to improve selling and marketing efficiency.

Administrative Expenses

Our administrative expenses increased by 17.7% to RMB2.4 billion for the nine months ended September 30, 2025 from RMB2.1 billion for the nine months ended September 30, 2024, primarily due to an increase in employee benefit expenses, including the related share-based compensation expenses.

Research and Development Expenses

Our research and development expenses increased by 18.3% to RMB10.3 billion for the nine months ended September 30, 2025 from RMB8.7 billion for the nine months ended September 30, 2024, primarily attributable to an increase in employee benefit expenses, including the related share-based compensation expenses, and increased investments in AI.

Other Income

Our other income decreased to RMB96 million for the nine months ended September 30, 2025 from RMB346 million for the nine months ended September 30, 2024.

Other Gains, Net

Our other gains, net increased to RMB1.6 billion for the nine months ended September 30, 2025 from RMB1.1 billion for the nine months ended September 30, 2024. The increase was primarily due to the fair value changes of financial assets at fair value through profit or loss.

Operating Profit

As a result of the foregoing, we had an operating profit of RMB14.8 billion and an operating margin of 14.4% for the nine months ended September 30, 2025, compared to an operating profit of RMB11.0 billion and an operating margin of 12.0% for the nine months ended September 30, 2024.

Our operating profit from the domestic segment increased to RMB15.1 billion for the nine months ended September 30, 2025 from RMB12.0 billion for the nine months ended September 30, 2024.

Our operating loss from the overseas segment narrowed to RMB17 million for the nine months ended September 30, 2025 from RMB698 million for the nine months ended September 30, 2024, which was mainly attributable to the overseas revenue growth and our efforts to improve marketing efficiency.

Finance Income/(Expense), Net

Our finance income/(expense), net changed to RMB118 million of expense for the nine months ended September 30, 2025, from RMB217 million of income for the nine months ended September 30, 2024 as we incurred more interest expenses due to borrowings.

Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method was RMB7 million for the nine months ended September 30, 2025, compared to RMB28 million for the nine months ended September 30, 2024.

Profit before Income Tax

As a result of the foregoing, we had a profit before income tax of RMB14.7 billion and RMB11.2 billion for the nine months ended September 30, 2025 and 2024, respectively.

Income Tax (Expenses)/Benefits

Our income tax (expenses)/benefits changed to RMB1.3 billion of expenses for the nine months ended September 30, 2025 from RMB162 million of benefits for the nine months ended September 30, 2024 as we incurred deferred income tax expenses for the nine months ended September 30, 2025, compared to deferred income tax benefits for the same period of 2024.

Profit for the Period

As a result of the foregoing, our profit for the nine months ended September 30, 2025 was RMB13.4 billion, compared to a profit of RMB11.4 billion for the nine months ended September 30, 2024.

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenues

Our revenues increased by 11.8% to RMB126.9 billion in 2024, from RMB113.5 billion in 2023. The increase was primarily attributable to the growth of our online marketing services and e-commerce business.

Online marketing services

Revenue from our online marketing services increased by 20.1% to RMB72.4 billion in 2024 from RMB60.3 billion in 2023, primarily attributable to the increased consumption from marketing clients, driven by our optimized smart marketing solutions and the application of AI technology.

Live streaming

Revenue from our live streaming business decreased by 5.1% to RMB37.1 billion in 2024 from RMB39.1 billion in 2023, as a result of our continuous efforts in building a healthy and sustainable live streaming ecosystem.

Other services

Revenue from our other services increased by 23.4% to RMB17.4 billion in 2024 from RMB14.1 billion in 2023, primarily attributable to the growth of our e-commerce business, represented by the growth in our e-commerce GMV. The growth in e-commerce GMV was driven by increases in the number of e-commerce monthly active paying users and monthly active merchants as a result of our continuous refined omni-platform operating strategies.

Cost of Revenues

Our cost of revenues increased by 2.7% to RMB57.6 billion in 2024 from RMB56.1 billion in 2023, primarily attributable to increases in revenue sharing costs and related taxes in line with our revenue growth, and payment processing costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 20.7% to RMB69.3 billion in 2024 from RMB57.4 billion in 2023. Our gross profit margin increased to 54.6% in 2024 from 50.6% in 2023. The growth of gross profit was generally in line with our revenue growth. Our gross profit margin increased due to a positive business mix shift and our continuous efforts in optimizing costs.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 12.6% to RMB41.1 billion in 2024 from RMB36.5 billion in 2023, and increased to 32.4% in 2024 from 32.2% in 2023 as a percentage of our total revenues, which was relatively stable.

Administrative Expenses

Our administrative expenses decreased by 17.0% to RMB2.9 billion in 2024, representing 2.3% of our total revenues, from RMB3.5 billion in 2023, representing 3.1% of our total revenues, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

Research and Development Expenses

Our research and development expenses slightly decreased by 1.1% to RMB12.2 billion in 2024, representing 9.6% of our total revenues, from RMB12.3 billion in 2023, representing 10.9% of our total revenues, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

Other Income

Our other income decreased to RMB533 million in 2024 from RMB978 million in 2023, primarily due to a decrease in value-added tax preferences, as a result of change in tax regulations.

Other Gains, Net

Our other gains, net increased to RMB1.7 billion in 2024 from RMB410 million in 2023, primarily due to the fair value changes of financial assets at fair value through profit or loss.

Operating Profit

As a result of the foregoing, we had an operating profit of RMB15.3 billion and an operating margin of 12.0% in 2024, compared to an operating profit of RMB6.4 billion and an operating margin of 5.7% in 2023.

Our operating profit from the domestic segment increased to RMB16.4 billion in 2024 from RMB11.4 billion in 2023. The increase was primarily attributable to a 9.9% year-over-year growth in domestic revenues.

Our operating loss from the overseas segment narrowed to RMB934 million in 2024 from RMB2.8 billion in 2023, primarily attributable to rapid growth in overseas revenues.

Finance Income, Net

Our finance income, net decreased to RMB236 million in 2024, from RMB539 million in 2023, primarily attributable to an increase in interest expense from borrowings.

Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method was RMB29 million in 2024, compared to RMB81 million in 2023.

Profit before Income Tax

As a result of the foregoing, we had a profit before income tax of RMB15.5 billion and RMB6.9 billion in 2024 and 2023, respectively.

Income Tax Expenses

Our income tax expenses decreased to RMB150 million in 2024 from RMB490 million in 2023, primarily due to the increase of deferred income tax benefits recognized on tax losses.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB15.3 billion in 2024, compared to a profit of RMB6.4 billion in 2023.

Year ended December 31, 2023 Compared to Year ended December 31, 2022

Revenues

Our revenues increased by 20.5% to RMB113.5 billion in 2023, from RMB94.2 billion in 2022. The increase was primarily attributable to the growth of our online marketing services, live streaming business and e-commerce business.

Online marketing services

Revenue from our online marketing services increased by 23.0% to RMB60.3 billion in 2023 from RMB49.0 billion in 2022, primarily attributable to the growth in the number of marketing clients and increased consumption from marketing clients, especially from our e-commerce merchants, driven by our refined industry-specific operating strategies and continuous efforts in enhancing product capabilities.

Live streaming

Revenue from our live streaming business increased by 10.4% to RMB39.1 billion in 2023 from RMB35.4 billion in 2022, benefiting from consistent enrichment of content supply and continuous optimization of our live streaming ecosystem and algorithms.

Other services

Revenue from our other services increased by 44.7% to RMB14.1 billion in 2023 from RMB9.8 billion in 2022, primarily attributable to the growth of our e-commerce business, represented by the growth in our e-commerce GMV. Along with our continuous improvement of operating strategy in e-commerce, the increases in the number of active e-commerce paying users and active merchants contributed to the growth in e-commerce GMV.

Cost of Revenues

Our cost of revenues increased by 7.7% to RMB56.1 billion in 2023 from RMB52.1 billion in 2022, primarily attributable to the increase in revenue sharing costs and related taxes in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 36.2% to RMB57.4 billion in 2023 from RMB42.1 billion in 2022. Our gross profit margin increased to 50.6% in 2023 from 44.7% in 2022, which was mainly attributable to our increase in revenues from a positive business mix shift and our continuous efforts to optimize costs.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 1.7% to RMB36.5 billion in 2023 from RMB37.1 billion in 2022, and decreased to 32.2% in 2023 from 39.4% in 2022 as a percentage of our total revenues. The decrease was primarily attributable to more disciplined and efficient spending on user acquisition and retention.

Administrative Expenses

Our administrative expenses decreased by 10.4% to RMB3.5 billion in 2023, representing 3.1% of our total revenues, from RMB3.9 billion in 2022, representing 4.2% of our total revenues, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

Research and Development Expenses

Our research and development expenses decreased by 10.5% to RMB12.3 billion in 2023, representing 10.9% of our total revenues, from RMB13.8 billion in 2022, representing 14.6% of our total revenues, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

Other Income

Our other income decreased to RMB978 million in 2023 from RMB1.5 billion in 2022, primarily due to a decrease in the value-added tax preferences, as a result of change in tax regulations.

Other Gains/(Losses), Net

We had other gains, net of RMB410 million in 2023, compared to other losses, net of RMB1.4 billion in 2022. The change was primarily due to the impairment provision for investments recorded in 2022.

Operating Profit/(Loss)

As a result of the foregoing, we had an operating profit of RMB6.4 billion and an operating margin of 5.7% in 2023, compared to an operating loss of RMB12.6 billion and a negative operating margin of 13.3% in 2022.

Our operating profit from the domestic segment increased to RMB11.4 billion in 2023 from RMB192 million in 2022. The increase was primarily attributable to an 18.8% year-over-year growth in domestic revenues.

Our operating loss from the overseas segment narrowed to RMB2.8 billion in 2023 from RMB6.6 billion in 2022, primarily attributable to rapid growth in overseas revenues and more efficient spending on marketing.

Finance Income, Net

Our finance income, net increased to RMB539 million in 2023, from RMB166 million in 2022, primarily attributable to an increase in interest income from bank deposits.

Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method was RMB81 million in 2023, compared to RMB139 million in 2022.

Profit/(Loss) before Income Tax

As a result of the foregoing, we had a profit before income tax of RMB6.9 billion in 2023, compared to a loss before income tax of RMB12.5 billion in 2022.

Income Tax Expenses

We incurred income tax expenses of RMB490 million and RMB1.2 billion in 2023 and 2022, respectively. The decrease was primarily due to deferred income tax benefits recognized in 2023, compared to deferred income tax expenses recognized in 2022.

Profit/(Loss) for the Year

As a result of the foregoing, our profit for the year was RMB6.4 billion in 2023, compared to a loss of RMB13.7 billion in 2022.

Liquidity and Financial Resources

Other than the funds raised through our Global Offering in February 2021, our principal sources of funds for working capital and other capital needs have been capital contributions from the Shareholders, cash generated from issuance of convertible redeemable preferred shares and borrowings, and cash generated from our operating activities. We had cash and cash equivalents of RMB12.7 billion as of December 31, 2024, compared to RMB12.9 billion as of December 31, 2023, and RMB13.3 billion as of December 31, 2022. As of September 30, 2025, we had cash and cash equivalents of RMB12.9 billion.

Our total available funds which we considered in cash management included but was not limited to cash and cash equivalents, time deposits, financial assets and restricted cash. Financial assets mainly included wealth management products and others. The aggregate amount of our available funds was RMB92.8 billion as of December 31, 2024, compared to RMB61.6 billion as of December 31, 2023 and RMB44.7 billion as of December 31, 2022. The aggregate amount of our available funds was RMB106.6 billion as of September 30, 2025.

The following table sets forth a summary of our cash flows for the years or periods indicated, respectively:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)				
				(unaudited)	
Net cash generated from operating activities	795	20,781	29,787	21,147	19,450
Net cash used in investing activities	(18,028)	(19,865)	(36,677)	(29,133)	(24,162)
Net cash (used in)/ generated from financing activities	(2,599)	(1,364)	6,714	7,598	4,951
Net (decrease)/ increase in cash and cash equivalents	(19,832)	(448)	(176)	(388)	239
Cash and cash equivalents at the beginning of the year/period	32,612	13,274	12,905	12,905	12,697
Effects of exchange rate changes on cash and cash equivalents	494	79	(32)	(51)	(17)
Cash and cash equivalents at the end of the year/period	13,274	12,905	12,697	12,466	12,919

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 consists of our profit/(loss) before income tax, adjusted by non-cash items and changes in working capital.

For the nine months ended September 30, 2025, our net cash generated from operating activities was RMB19.5 billion, which was primarily attributable to our profit before income tax of RMB14.7 billion, adjusted by non-cash items, primarily comprising depreciation of property and equipment of RMB2.7 billion, depreciation of right-of-use assets of RMB2.4 billion, net fair value gains on financial assets at fair value through profit or loss of RMB2.1 billion and share-based compensation expenses of RMB2.0 billion. The amount was further adjusted by changes in working capital, which primarily comprised the increase in prepayments, other receivables and other current assets of RMB2.1 billion, partially offset by the increase in other payables and accruals of RMB1.9 billion. We also paid income tax of RMB1.0 billion.

For the year ended December 31, 2024, our net cash generated from operating activities was RMB29.8 billion, which was primarily attributable to our profit before income tax of RMB15.5 billion, adjusted by non-cash items, primarily comprising depreciation of property and equipment of RMB4.1 billion, depreciation of right-of-use assets of RMB3.0 billion and share-based compensation expenses of RMB2.3 billion. The amount was further adjusted by changes in working capital, which primarily comprised increases in accounts payables of RMB3.5 billion and other payables and accruals of RMB3.0 billion. We also paid income tax of RMB1.0 billion.

For the year ended December 31, 2023, our net cash generated from operating activities was RMB20.8 billion, which was primarily attributable to our profit before income tax of RMB6.9 billion, adjusted by non-cash items, primarily comprising share-based compensation expenses of RMB3.6 billion, depreciation of property and equipment of RMB4.0 billion and depreciation of right-of-use assets of RMB3.1 billion. The amount was further adjusted by changes in working capital, which primarily comprised an increase in other payables and accruals of RMB3.5 billion. We also paid income tax of RMB1.2 billion.

For the year ended December 31, 2022, our net cash generated from operating activities was RMB795 million, which was primarily attributable to our loss before income tax of RMB12.5 billion, adjusted by non-cash items, primarily comprising share-based compensation expenses of RMB6.2 billion, depreciation of property and equipment of RMB3.2 billion, depreciation of right-of-use assets of RMB3.2 billion and impairment provision for investments of RMB1.0 billion. The amount was further adjusted by changes in working capital, which primarily comprised increases in accounts payables of RMB2.2 billion, partially offset by an increase in trade receivables of RMB1.9 billion. We also paid income tax of RMB1.0 billion.

Net Cash Used in Investing Activities

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB24.2 billion, which was primarily attributable to the net investments in financial assets at fair value through profit or loss of RMB15.5 billion and the purchase of property, equipment and intangible assets of RMB12.4 billion, partially offset by the net proceeds from maturity of time deposits with initial terms of over three months of RMB3.3 billion.

For the year ended December 31, 2024, our net cash used in investing activities was RMB36.7 billion, which was primarily attributable to the net investments in financial assets at fair value through profit or loss of RMB18.8 billion, net investments in time deposits with initial terms of over three months of RMB11.6 billion and purchase of property, equipment and intangible assets of RMB8.1 billion.

For the year ended December 31, 2023, our net cash used in investing activities was RMB19.9 billion, which was primarily attributable to the net investments in financial assets at fair value through profit or loss of RMB13.2 billion, purchase of property, equipment and intangible assets of RMB4.9 billion and net investments in time deposits with initial terms of over three months of RMB2.4 billion.

For the year ended December 31, 2022, our net cash used in investing activities was RMB18.0 billion, which was primarily attributable to the net investments in time deposits with initial terms of over three months of RMB7.5 billion, purchase of property, equipment and intangible assets of RMB5.1 billion, net investments in financial assets at fair value through profit or loss of RMB4.1 billion and net investments in other financial assets measured at amortized cost of RMB1.3 billion.

Net Cash (Used in)/Generated from Financing Activities

For the nine months ended September 30, 2025, our net cash generated from financing activities was RMB5.0 billion, which was primarily attributable to the net proceeds under notes arrangements of RMB7.0 billion, net proceeds from borrowings and related interests of RMB1.7 billion, payments for principal elements of lease and related interests of RMB2.7 billion and payments for shares repurchase of RMB2.0 billion.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB6.7 billion, which was primarily attributable to the net proceeds from borrowings and related interests of RMB10.9 billion, net proceeds under notes arrangements of RMB3.9 billion, payments for shares repurchase of RMB4.9 billion and payments for principal elements of lease and related interests of RMB3.2 billion.

For the year ended December 31, 2023, our net cash used in financing activities was RMB1.4 billion, which was primarily attributable to payments for principal elements of lease and related interests of RMB3.5 billion, payments for shares repurchase of RMB1.3 billion and net proceeds under notes arrangements of RMB3.2 billion.

For the year ended December 31, 2022, our net cash used in financing activities was RMB2.6 billion, which was primarily attributable to payments for principal elements of lease and related interests of RMB3.4 billion and net proceeds under notes arrangements of RMB732 million.

Capital Expenditures

Our capital expenditures consist of acquisitions of property, equipment and intangible assets. The following table sets forth our capital expenditures for the years or periods indicated, respectively:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in millions)				
				(unaudited)	
Purchase of property, equipment and intangible assets	5,100	4,897	8,063	4,904	12,383

Capital Commitments

The following table sets forth our significant capital expenditures contracted for but not yet incurred as of the dates indicated, respectively:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in millions)			
				(unaudited)
Property and equipment	542	512	1,835	2,976
Investments	223	212	192	179
Intangible assets	14	3	—	—
Total	**779**	**727**	**2,027**	**3,155**

Off-Balance Sheet Commitments and Arrangements

Saved as disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Commitments", as of September 30, 2025, we did not have other material off-balance sheet commitments or arrangements.

Qualitative and Quantitative Disclosure about Financial Risks

Our activities expose us to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management.

Market Risk

Foreign Exchange Risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of our entities.

For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, most of our transactions were settled in RMB and USD, while a limited number of transactions was denominated in foreign currencies such as Brazilian real. Thus, except the borrowings mentioned below, our business was not exposed to significant foreign exchange risk and the exposure was limited in general, as we have no significant assets or liabilities denominated in the currencies other than the respective functional currencies of our entities.

As of December 31, 2024, we had unsecured RMB bank loans which were borrowed by one of our subsidiaries, whose functional currency is USD. If RMB had strengthened/weakened by 3% against USD with all other variables held constant, the profit before income tax for the year ended December 31, 2024 would have been approximately RMB269 million lower/higher (2023 and 2022: Nil), as a result of foreign exchange gains or losses on translation of the bank loans and related proceeds (2023 and 2022: Nil) denominated in RMB. The above sensitivity analysis did not consider any influence of economic hedge.

We managed our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and tried to minimize these exposures through natural hedges, wherever possible and entered into certain foreign exchange option and forward agreements to economically hedge our exposure to foreign exchange risk mainly arising from the borrowings. Under these contracts, we had a right or agreed with the counterparties for settlement at specified foreign exchange rate. As of December 31, 2024, the aggregate notional principal amounts of these outstanding contracts were USD1,230 million (December 31, 2023 and 2022: Nil). We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate foreign exchange risks.

Interest Rate Risk

Our interest rate risk primarily arises from time deposits, cash and cash equivalents, investments measured at amortized cost, notes payable and borrowings. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk.

If the interest rate of borrowings carried at floating rate had been 50 basis points higher/lower, the profit before income tax for the year ended December 31, 2024 would have been RMB27.2 million lower/higher (2023 and 2022: Nil). We do not anticipate significant impact to the assets carried at floating rate resulted from the changes in interest rate because the interest rates of these assets are not expected to change significantly.

We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate movements.

Price Risk

We are exposed to equity price risk in respect of investments in listed and unlisted entities that are classified as financial assets at fair value through profit or loss. We are generally not exposed to commodity price risk. To manage our price risk arising from the investments, we diversify our investment portfolio.

Credit Risk

Credit risk mainly arises from cash and cash equivalents, time deposits, restricted cash, trade receivables, other receivables, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss. The carrying amount of these financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk Management

Trade and other receivables are managed on a group basis. Our finance team is responsible for managing and analyzing the credit risk for each new customer/debtor before standard credit payment terms are offered. We assess the credit quality of our customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and other factors.

Cash and cash equivalents, time deposits, restricted cash, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

Impairment of Financial Assets

Trade Receivables

We apply the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables are estimated. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have considered the expected changes in macroeconomic factors, such as Consumer Price Index, Gross Domestic Products and Producer Price Index of the PRC, and accordingly adjust the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with us, and indicators of severe financial difficulty.

Impairment losses on trade receivables are presented as "administrative expenses" within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other Receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. We make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

Liquidity Risk

We intend to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets or to retain adequate financing arrangements to meet our liquidity requirements.

Overview

Our Mission and Vision

We aim to be the most customer-obsessed company in the world, with a vision to build the most heartwarming and trustworthy online community.

Who We Are

We are China's second largest short video company and China's third largest App, in terms of total user time spent penetration, according to QuestMobile in September 2025. We enable people to record and share their life experiences. We are dedicated to building a community where everyone has a chance to be seen and heard. We also offer rich and differentiated content serving a broader set of user interests and needs. We believe in engagement among people have value, so we have built a large and vibrant platform with significant interactions.

Artificial Intelligence is fundamental to our platform. Over the past decade, we have accumulated significant technological and AI capabilities by capitalizing on enormous market opportunities and sustaining our competitive advantage. Our top-notch content understanding, recommendation and generation capabilities, coupled with comprehensive data insights, allow us to deliver superior user experience, elevate user engagement, and offer unique value propositions to our business partners and users. Our next-generation large video generation model, Kling AI, is the world's first user-accessible multi-modal large video generation model that has continually undergone over 30 iterations. Kling AI has consistently ranked as the world-leader in terms of text-to-video and image-to-video model performance, and realized industry-leading commercialization progress with ARR surpassing USD100 million in March 2025 within ten months after launch, and ARR exceeding USD240 million in December 2025 within nineteen months after launch.

We have achieved significant monetization with even greater future potential: we were the sixth largest online marketing platform in terms of revenue in 2024, according to Morketing, and the fifth largest e-commerce platform in China in terms of GMV in 2024, according to Syntun.

Our Platform and Ecosystem

- ***Users***. We are a popular platform for users wishing to record and share their lives. We help our users connect with a vast world of authentic content, resonating well with their daily lives and expanding their interests and horizons. As a result, a highly active user base with numerous connections and interactions has grown through trusted social connections and

engagement based on common interests. Our range of services ensures we can effectively cater to a variety of spontaneous user needs that arise on our platform during their fragmented time.

- ***Content***. Over time, we have built a massive content library and nurtured a vibrant content community. Our users have contributed to our vast and organically growing repository of short video and live streaming content. We deliver high quality content with distinctive Kuaishou characteristics through specialized vertical operations, further enriching our differentiated content community. Leveraging our optimized traffic mechanism underpinned by our technological capabilities and deep data insights, we effectively tailor the flow of content to align with individual user interests, delivering a personalized user experience.

- ***Business***. We provide business partners with massive and high quality user traffic as well as comprehensive solutions to help them reach and fulfill various needs of their target customers which arise on our platform with improving return on investment. We also have a diverse range of monetization channels across online marketing, live streaming, e-commerce, AI applications, and lifestyle services.

- ***Technology & Data***. Our advanced technologies and next-gen AI capabilities, alongside our extensive data insights, are the foundation of our ecosystem. This helps users effectively discover content and products which match their preferences and needs, encouraging them to seamlessly interact on the platform. These technologies also empower content creators with content generation and business partners with full lifecycle operations support. For example, our Kling AI aspires to empower the best storytelling with AI. Through our accumulated data insights and deep expertise in AI technologies, we are able to enhance understanding of our users' interests and behaviors, allowing us to continuously upgrade and expand our service offerings.

Our vibrant AI-powered platform has significant flywheel effects. Our high engaged user community and differentiated content ecosystem continuously amass data insights. Coupled with our leading technological capabilities, we are able to offer optimized solutions to our business partners and a diverse range of high quality offerings to our users, consistently elevating user experience and engagement.

Our Financial Performance

The flywheel effect we have experienced allows us to realize significant monetization opportunities across channels, as we address user needs naturally evolving on our platform. We monetize primarily through online marketing, live streaming, and other services (primarily e-commerce), capturing opportunities across channels and achieving significant revenue growth. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had total revenues of RMB94.2 billion, RMB113.5 billion, RMB126.9 billion and RMB103.2 billion, respectively. Our

total revenue growth has remained strong, growing by 20.5% from 2022 to 2023, by 11.8% from 2023 to 2024, and by 12.8% from the nine months ended September 30, 2024 to the same period ended September 30, 2025. We have also consistently improved our margin profile, including gross margin and adjusted EBITDA margin. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our gross margin was 44.7%, 50.6%, 54.6% and 55.0%, respectively. Our non-IFRS Accounting Standards adjusted EBITDA margin was 1.9%, 15.4%, 19.5% and 21.1% in 2022, 2023, 2024 and for the nine months ended September 30, 2025, respectively.

Our Strengths

Global-leading Short Video Platform Backed by Favorable Industry Fundamentals

We are China's second largest short video company and China's third largest App, in terms of total user time spent penetration, according to QuestMobile in September 2025. As the pioneer in the global short video industry, we have built a massive and highly engaged user base. In the third quarter of 2025, the average DAUs on the Kuaishou App reached 416 million and MAUs reached 731 million, consistently achieving quarterly record highs throughout 2025. The average daily time spent per DAU on the Kuaishou App was 134 minutes. At the center of our thriving community lies a prosperous and vibrant content ecosystem. As of September 2025, our average daily live streaming and short video views surpassed 100 billion.

Short video has become the go-to channel in China for content consumption and social interactions. As a fast-growing content format in China, the share of user time spent for short videos over the total mobile internet usage duration has grown approximately five times from December 2017 to December 2024, according to QuestMobile. As a result, advertisers and merchants are increasingly using short videos to reach their potential customers. According to iResearch, the market size of short video online marketing in China is expected to grow at a CAGR of 15% from 2021 to 2026, compared to overall online marketing CAGR of 10%. In addition, total addressable market for content-based e-commerce in China is expected to reach RMB8.2 trillion in 2026, growing at a CAGR of 24% from 2021. Furthermore, AI has emerged as a defining force across industries, reshaping how businesses evolve and compete and unlocking significant commercial value. Global generative AI market is expected to grow at a CAGR of 51% from USD93 billion to USD718 billion from 2023 to 2028, according to Bloomberg Intelligence.

As a global-leading short video platform, we are well-positioned to capture the tremendous industry opportunities, leveraging our world-leading technology and AI capabilities, large and highly engaged user community, massive and differentiated content library as well as vibrant business ecosystems with diversified monetization opportunities.

Industry-leading Technology and AI Capabilities Empowering Content and Business Ecosystems

We have deep-rooted corporate DNA of innovation and long-standing commitment to technological advancement. Artificial intelligence has been the foundation upon which short video platforms have risen and thrived. Over the past decade, we have established a deep reservoir of expertise and accumulated significant technological capabilities in AI, enabling us to capitalize on enormous market opportunities and sustain our competitive advantage over the long term. We have built top-notch content understanding and recommendation capabilities underpinned by deep data insights from our massive and highly engaged user base and our comprehensive and sophisticated proprietary algorithm architectures. Such capabilities contribute to our superior user experience and enhanced user engagement, enabling deeper data insights to further advance our content understanding and recommendation capabilities, creating a self-reinforcing cycle.

As AI continues to drive transformative changes in the industry, we have also developed next-generation large video generation model Kling AI. Kling AI is the world's first user-accessible multi-modal large video generation model underpinned by our deep understanding of the needs in video generation for professional creators and broader businesses across industries. Compared to general-purpose large language models, large video generation models such as Kling AI are differentiated with sophisticated functionalities to address complex use cases in professional video creation and highly controllable performance across multimodal inputs and outputs. Through continued iterations of over 30 times since launch, Kling AI exhibits industry-leading content generation performance with one-stop multi-modal capabilities. Kling AI 2.5 Turbo Model was ranked the world's No. 1 text-to-video model and image-to-video model in terms of task performance by Artificial Analysis within 10 days after launch in September 2025, and Kling achieved further technological breakthroughs with the launch of Kling 2.6 and Kling O1. As a result of its superior performance, Kling AI has also realized industry-leading progress in commercialization among large video generation models globally, with ARR surpassing USD100 million in March 2025 within ten months after launch, and ARR exceeding USD240 million in December 2025 within nineteen months after launch. Kling AI's revenue also exceeded RMB300 million in the third quarter of 2025.

In addition, we have further expanded scenario-based AI applications to empower our business ecosystem. In online marketing, our AI-enabled products deliver more precise targeting and higher conversion. In the third quarter of 2025, our domestic online marketing service revenue recorded an additional 4%–5% growth with the application of our recommendation large model OneRec and our generative reinforcement learning-based bidding model, G4RL. Total spending from online marketing services by business partners driven by AIGC marketing materials also exceeded RMB3 billion in the third quarter of 2025. In e-commerce, we empower merchants with AI applications such as OneSearch throughout their business cycle to improve their efficiency. In the third quarter of 2025, deployment of OneSearch enabled more precise product matching and drove nearly 5% growth in our shopping mall search order volume.

Furthermore, deployment of AI technologies has significantly improved our operational efficiency. Our proprietary AI coding tool, CodeFlicker, has become a core intelligent development tool used daily by our engineers. As of September 2025, nearly 30% of new codes developed by Kuaishou engineers were generated using CodeFlicker. We have also widely deployed AI technologies in the content review process. As of September 2025, over 99% of the content on our platform was initially reviewed and screened by AI tools, enhancing the quality and efficiency of our content review process.

Highly-engaged User Community with Authentic Experience

We have built a large and highly engaged user community with superior stickiness. Since inception, we have been dedicated to fostering a diverse, inclusive and vibrant community with authentic user experience and genuine user interactions. Our authentic community is built upon a diverse range of content that embraces all lifestyles and allows each individual to be seen and heard. In addition, we are a favored destination for trusted social experience with significant connections and interactions among users on our platform. As of September 30, 2025, we had nearly 42 billion pairs of mutual followers on our platform. In the nine months ended September 30, 2025, we achieved over 10 billion average daily interactions, including likes, comments, shares and bookmarks among short videos and live streams on Kuaishou App. Our all-encompassing platform caters to varied spontaneous user needs during their fragmented time across entertainment, social interactions, search, shopping, and lifestyle services, which directly contributed to the strong user engagement. Our DAUs on average spent over 134 minutes per day on Kuaishou App in the third quarter of 2025.

We also have built a massive user-centric and highly differentiated repository of content across formats, including short video and live streaming, as well as a variety of verticals, such as pan-knowledge, Three Rural (三農), short play, sports, ACGN and celebrities. In the third quarter of 2025, we had over 1.3 billion short video uploads each month on Kuaishou App. In addition, we are committed to cultivating a vibrant and diverse content creation ecosystem by promoting benchmark content creators featuring distinctive Kuaishou characteristics, and enhancing their engagement with followers and their monetization potential to further incentivize high quality content creation. Furthermore, we continually deliver an enhanced user experience and improve user retention, supported by our exceptional capabilities in large models for content understanding and recommendation as well as optimized traffic distribution mechanism between public domain traffic generated through open platforms and private domain traffic proprietary to our own channels.

Significant Flywheel Effects and Diversified Monetization Opportunities

We have built a vibrant platform with significant flywheel effects. Users are attracted to our platform by our high-quality product offerings, rich content library, and elevated user experience. As more users interact more frequently on our platform, we continue to collect deep and

comprehensive data insights. Leveraging our AI capabilities, we are able to offer effective solutions and high-quality user traffic to our business partners with improved ROI. This, in turn, attracts more merchants and advertisers to our platform, enhancing the diversity and quality of merchandise selections.

Our highly engaged platform has allowed us to capture diversified monetization opportunities via online marketing, live streaming, and e-commerce. We are the sixth largest online advertising platform in terms of revenue in 2024, according to Morketing. We are the fifth largest e-commerce platform in China in terms of GMV in 2024, according to Syntun. In the nine months ended September 30, 2025, our total e-commerce GMV grew by 16% year-over-year to RMB1.1 trillion. For live streaming, we have upheld a healthy monetization momentum by fostering a healthy, sustainable live streaming ecosystem and integrating online live streaming with offline scenarios. As our platform continues to grow, we are able to tap into diversified monetization opportunities to address the myriad user needs, such as AI applications and lifestyle services.

Robust Financial Profile with Improving Profitability and Strong Liquidity Position

We have achieved robust revenue growth and strong profitability from our operations. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had total revenues of RMB94.2 billion, RMB113.5 billion, RMB126.9 billion and RMB103.2 billion, respectively. Our total revenue growth has remained strong, growing by 20.5% from 2022 to 2023, by 11.8% from 2023 to 2024, and by 12.8% from the nine months ended September 30, 2024 to the same period ended September 30, 2025. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had non-IFRS Accounting Standards adjusted EBITDA of RMB1.8 billion, RMB17.4 billion, RMB24.8 billion and RMB21.8 billion, and non-IFRS Accounting Standards adjusted net loss of RMB5.8 billion, net profit of RMB10.3 billion, net profit of RMB17.7 billion and net profit of RMB15.2 billion, respectively.

We have been improving our margin profile. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our gross margin was 44.7%, 50.6%, 54.6% and 55.0%, respectively, benefitting from increased revenue contribution by high-margin businesses, along with more efficient server costs. Our non-IFRS Accounting Standards adjusted EBITDA margin was 1.9%, 15.4%, 19.5% and 21.1% in 2022, 2023, 2024 and for the nine months ended September 30, 2025, respectively, due to our enhanced cost control and operating efficiency, along with improved economies of scale.

We have also maintained a strong cash balance and a healthy liquidity position. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we had net cash generated from operating activities of RMB795 million, RMB20.8 billion, RMB29.8 billion and RMB19.5 billion, respectively. As of September 30, 2025, we held cash and cash equivalents of RMB12.9 billion, and our total available funds was RMB106.6 billion, which included cash and cash equivalents, time deposits, restricted cash, and financial assets that was mainly comprised of wealth

management products and others. Our borrowings and lease liabilities as of September 30, 2025 were only RMB13.1 billion and RMB10.1 billion, respectively, resulting in a net cash position.

Visionary and Experienced Management Team Driving Value Creation through Technology

Our management team pioneered the short video platform model globally, with deep expertise spanning across product and engineering and a vision to build the most heartwarming and trustworthy online community. They have been visionaries who envisaged the market potential of content-based social platforms and led Kuaishou to mark a paradigm shift in content and user community in the mobile internet era. At the dawn of the AI era, our leadership captured the strategic potential of video generation AI and promptly introduced Kling AI with global recognition, positioning Kuaishou at the forefront of the AI revolution.

The fundamental measure of our success is the long-term value we create for our users, partners, Shareholders and society over the span of multiple decades. Our management remains dedicated to our technology-driven, user-centric business philosophy, pursuing to be the most customer-obsessed company in the world and driving value creation through innovation. Building upon the strategic vision, disciplined execution and proven track record, our leadership is well-positioned to harness AI-driven innovations, unlock the transformative opportunities of AI technology, fortify our ecosystem, and deliver long-term prosperity and sustainable growth.

Our Strategies

Continue to Advance Our Next-Generation AI Technology to Unlock Value Across Our Ecosystem

Technology remains the foundation of our growth, and AI is the core engine driving us to unlock significant value and growth potential across our ecosystem. We are committed to continually enhancing our AI capabilities in content understanding, recommendation and generation. Specifically, we will continue to invest in AI-related computing power and talents, to drive continuous technological upgrades and breakthroughs and to fortify our technology infrastructure.

In particular, we remain committed to using AI to empower better storytelling. We will continuously upgrade our Kling AI foundational model and its multi-modal product capabilities to develop more innovative features, catering to expanding user cases and diverse needs in video creation for professional creators and broader businesses. Furthermore, we will continue to explore additional monetization opportunities around Kling AI to further unlock its commercial value.

In addition, we will further enhance AI enablement to our business ecosystem. We will continue to iterate our recommendation large models such as OneRec and OneSearch, also extending their application scenarios to further empower our business partners in online marketing services and e-commence. Moreover, we will continue to expand deployment of AI technologies in our business operations and management to elevate our operational efficiency.

Continue to Expand Our User Community and Enhance Our User Experience

Our users form the bedrock of our content community and are the source of endless creativity. We remain committed to delivering sustained and high-quality user growth, with a focus on user acquisition and maintenance efficiency. We also aim to enhance user stickiness, by upgrading user experience through continuous iteration of our products and features.

We will continuously upgrade our users' social experience through iteration of interactive features such as private messaging and innovative gameplay. Furthermore, we will continue to optimize our traffic distribution mechanism to better align our commercial content with user retention, and upgrade our capabilities in large models for enhanced content understanding and recommendation, fostering a virtuous cycle and enabling us to elevate our users' personalized experience and improve user stickiness. Additionally, we will continue to leverage major influential events to reach a broader audience and expand our user base.

As a content-based social platform, we will continue to enrich our massive content library. We will further enhance our differentiated and high-quality content supply by promoting content that resonates with Kuaishou's users across various verticals and formats. Furthermore, we remain committed to empowering benchmark creators whose content represents Kuaishou's distinctive brand to gain exposure with audience and expand monetization potential.

Continue to Diversify and Improve Our Monetization Capabilities

We will diversify our monetization avenues and further enhance our monetization capabilities by continuously reinforcing the significant flywheel effects of our platform, addressing myriad and dynamic user needs more effectively with elevated operating efficiency.

For online marketing, we aim to attract more business partners across varied verticals to our platform and increase their marketing spend through iterations of our AI-powered differentiated solutions with enhanced targeting and conversion, as well as end-to-end enablement across the marketing management lifecycle of our advertising customers. For e-commerce, we will continue to drive high-quality supply growth by empowering merchants with comprehensive solutions including merchant incentive programs, omni-domain traffic support and intelligent tools. We will also further enhance the user experience and repeat-purchase frequency under our trust-based e-commerce ecosystem. For live steaming, we plan to further solidify our leadership by cultivating high-quality content, strengthening the integration of online live streaming and offline scenarios, and leveraging AI-empowered product innovations. We will also keep empowering more traditional industries through "Live Streaming+" services.

To successfully navigate through the ever-evolving market dynamics, we will continue to diversify monetization channels and explore potential opportunities such as AI applications and lifestyle services. We believe that with the commitment to unlocking more monetization potential, we can create long-term value for our users, partners and Shareholders.

Further Enhance Our Profitability and Credit Profile

Benefiting from our diversified monetization avenues, we have achieved high-quality and sustainable growth with steadily improving profitability. Going forward, we will continue to optimize our revenue mix and diversify monetization channels. We will also continue to maintain an ROI-driven approach when assessing and pursuing incremental growth opportunities.

In addition, we aim to further improve profitability to strengthen our cash flow and financial profile. We will continue to drive profitability through enhanced operational optimization measures with improved efficiency. Furthermore, we will maintain a prudent cash management approach to further solidify our strong liquidity position, supporting long-term financial sustainability.

Our Business

We have achieved substantial monetization progress, with revenues primarily derived from five main business areas: (i) online marketing services; (ii) e-commerce services; (iii) live streaming; (iv) Kling; and (v) overseas services. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we had total revenues of RMB94.2 billion, RMB113.5 billion, RMB126.9 billion, RMB91.5 billion and RMB103.2 billion, respectively.

Online Marketing Services

Supported by a rich and diversified content ecosystem comprised of short videos, live streaming and other formats, alongside a vast user base and high traffic, we provide marketing services such as performance conversion and brand exposure across all industries. We leverage intelligent recommendation algorithms to achieve bidirectional matching between users' interests and clients' demands, providing our customers with efficient and targeted advertising solutions with minimal disturbance to the user experience.

Our core online marketing services include closed-loop e-commerce marketing services, external marketing services, and brand marketing services, suited to various client types and marketing objectives.

Closed-loop e-commerce marketing services

Our closed-loop e-commerce marketing services are designed to help online marketing clients achieve closed-loop conversions within the Kuaishou ecosystem. The primary advertisers are e-commerce merchants on the Kuaishou platform, and the entire conversion process takes place on the Kuaishou App. For example, e-commerce merchants can promote their live stream rooms, prompting users to enter those live stream rooms and make purchases, or they can promote their short videos, directing users to click on embedded shopping links or visit the merchant's homepage to make purchases while staying. Throughout the entire "exposure — click — conversion" process, users complete such transactions while staying entirely within the Kuaishou ecosystem during the entire process. Our services are pivotal to our users, across scenarios such as live stream e-commerce, short video e-commerce, and traffic generation for e-commerce stores.

External marketing services

Our external marketing services are designed to help online marketing clients with the tools to redirect users to exit the Kuaishou ecosystem. These services are provided to clients across various industries, including offline service providers and mobile app (including gaming app) developers. These clients have diverse advertising conversion goals, ranging from driving users to the clients' own platforms to complete purchases, collecting user leads for offline service conversions, and/or attracting users to click to install the clients' apps. We also support content-related industry clients. For example, for short-play content, we create monetization pathways for advertisers through In-Apps Purchases (IAP) and by sharing In-Apps Ads (IAA) revenue generated when users watch short plays on the Kuaishou App.

Brand marketing services

Our brand marketing services primarily support advertisers in achieving their brand exposure objectives, focusing on enhancing brand awareness, reputation, and influence through various formats. Through large-scale exposure, these services communicate brand concepts and imagery, rather than simply directing users to make immediate purchases. This approach facilitates the development of long-term brand equity for our brand marketing clients.

We also provide Magnetic Star (磁力聚星) marketing services and Kuaishou League (快手聯盟) marketing services for online marketing clients. Magnetic Star marketing services enable clients to leverage creators' content creation abilities and fan influence to achieve elevated brand exposure or maximize commercial potential. Kuaishou League marketing services allow clients to distribute marketing materials to other platforms that partner with Kuaishou, capitalizing on traffic outside the Kuaishou ecosystem.

Our online marketing services are powered by our AI-driven intelligent commercial engine, Magnetic Engine (磁力引擎). Online marketing clients can use the Magnetic Engine to formulate online marketing placement strategies, automatically generate marketing materials, achieve real-time material analysis and strategies adjustment, and post-placement review.

E-commerce

Building upon the trust of our users and Kuaishou's identity as an engaging online community, by launching our e-commerce business in 2018, we expanded to supporting commerce on our platform between users and our business partners. Unlike traditional e-commerce platforms, our e-commerce mainly takes the form of content-driven e-commerce due to our platform's content-oriented nature, including live stream e-commerce and short video e-commerce. As an extension of live stream content, live stream e-commerce enables merchants and key opinion leaders (KOLs) to engage with users in real time to market and sell products. Short video e-commerce involves directly selling products through clicking on embedded links or indirectly driving traffic to live stream rooms for maximizing sales potential, through product recommendation via short videos. Our content-driven e-commerce adapts to user interests and preferences in order to connect new products with people, allowing us to deliver a more interactive, immersive, and engaging user experience, as compared with traditional shelf-based e-commerce. Content-driven e-commerce is distinguished by more efficient trust-building and a streamlined conversion funnel: the streamers' professional product elucidation and real-time query resolution directly reduce users' decision-making friction, thereby accelerating their purchase intent. Furthermore, contextual demonstrations familiarize users with new products and clarify their benefits, especially for non-standard products (e.g. beauty, apparel and fresh produce).

The strength of our e-commerce supply ecosystem has built the foundations for us to cultivate user mindshare for regular shopping via our platform. In 2023, we introduced pan-shelf-based e-commerce, which includes Kuaishou Mall (快手商城) and transactions resulting from Buyer Homepage (買家首頁), Recommended For You (猜你喜歡) and product searches (搜索). Unlike content-driven e-commerce where live streams and short videos trigger user interest and drive purchases, under pan-shelf-based e-commerce, users visit our platform with definite purchase intent and we leverage search, categorization, and filtering tools to enable efficient product matching. In the third quarter of 2025, pan-shelf-based e-commerce GMV accounted for over 32% of our total e-commerce GMV.

In our e-commerce services, we continuously deepen the integration and connection between "quality content" and "quality products" to better satisfy user consumption needs and enhance the shopping experience. On the merchant and product supply side, we consistently attract new merchants, broaden the coverage of e-commerce categories, and bolster merchant retention levels. Building on our platform's traffic and content-based e-commerce advantages, we continue to organically onboard new merchants, expanding merchant partnerships through diverse channels. We have introduced a range of incentives to lower onboarding costs and reduce entry barriers for

new merchants. Aligning incentives to merchants' different growth cycles and key transition points, we provide traffic support and unveil policies to assist at the cold-start stage and help existing merchants quickly escalate their sales to achieve operational breakthroughs.

In terms of e-commerce content, we leverage our rich KOL ecosystem to provide KOLs with an extensive range of live streaming tools to accommodate their e-commerce live streams. We reinforce the KOL supply ecosystem by identifying high-quality e-commerce live stream content and underpinning it with greater traffic support, and establishing long-term KOL onboarding and growth mechanisms. Meanwhile, we help e-commerce KOLs address challenges in product selection and expansion by broadening our high-quality, platform-endorsed product offerings. We enhance user experience by improving the merchant performance rating system as a key reference for traffic allocation, thereby optimizing the traffic allocation mechanism. Constant upgrades to supply, content, and matching mechanisms, and our ongoing enrichment of shopping scenarios such as short video and pan-shelf-based e-commerce, have generated continuous improvements to user stickiness under our trust-based e-commerce ecosystem.

Live Streaming

We view live streaming as a natural extension to short videos. It allows users to socialize and engage with each other in real time. Live streaming sessions can take several forms, including one-to-multiple audience, streamer duel, and multi-party streams. Viewers can purchase and award virtual items to streamers during a live stream, encouraging interactions. Our abundant and diverse live streaming content, as well as the live streaming interactive features, have been highly effective in increasing user engagement in live streams.

On the supply side, our multifaceted live streaming categories encompass talent shows such as dance and singing, traditional culture such as opera and folk music, Three Rural, pan-knowledge and games, among numerous others. We cultivate our cooperation with professional talent agencies to attract higher caliber streamers to join our platform, thus promoting the development of live streaming as a profession. Innovative AIGC applications also inject momentum into our business growth. Leveraging Kling AI's video generation capabilities, in 2025, we rolled out the AI Universe (AI萬象) gift series with customizable special effects platform-wide, diversifying options for personalized interactions in live streaming rooms.

Our "live streaming+" strategy energizes traditional industries and promotes the development of the digital economy. For example, Kwai Hire (快聘) facilitates employment matching between enterprises and users directly through live streaming. Ideal Housing (理想家) provides agents and users with the means to facilitate the entire real estate lifecycle for home buyers and renters, from initial visits to final selection.

Kling

Leveraging our profound expertise in video data tagging and algorithm capabilities, we officially launched Kling AI in June 2024, which is our internally-developed, multimodal large-scale video generation model. It emphasizes high-quality video creation and intelligent editing capabilities, offering creators a comprehensive experience that spans from creative inspiration to rapid content generation and optimization. Kling AI's two primary features are text-to-video and image-to-video generation. For text-to-video generation, users provide a text description (referred to as a prompt), and the tool automatically creates short videos that align with both the semantic meaning and physical logic behind the text.

For image-to-video generation, users upload a static image and provide a text prompt, and dynamic videos are rendered based on the core principle that the video subject remains consistent with the provided image.

As the world's first user-accessible multi-modal video generation large model, Kling AI aims to be a comprehensive AI creative engine that equips everyone with the capacity to craft captivating stories with AI.

We remain committed to advancing the boundaries of visual generative large model technology while maintaining state-of-the-art (SOTA) performance. Since the release of Kling AI 1.0 in June 2024, Kling AI has undergone more than 30 major version upgrades, continuously enriching the user experience through ongoing technical and product improvements. These include the "Motion Brush" and "Lip-sync" functions, released in September 2024 under version 1.5; major advancements in text responsiveness, enhanced motion quality and more natural expressions, released in December 2024 under version 1.6; and also under version 1.6, the "multi-image reference" feature to maintain visual consistency, and address one of the most persistent challenges in AI video generation.

In December 2025, we launched Kling O1, the world's first unified multimodal video model, which is a SOTA creative engine with which creators can unlock endless creative possibilities. Based on the Multimodal Visual Language (MVL) concept, Kling O1 uses natural language to combine videos, images, elements, and other multimodal descriptions to understand the creators' intentions, resulting in a more intuitive and efficient creative process. We also introduced Kling 2.6 in December 2025, which features revolutionary "simultaneous audio-visual generation" capability, paving the way for the production of complete videos — including natural language, action sound effects, and ambient audio — in a single generation, thereby redefining the AI video creation workflow process and significantly enhancing creative efficiency.

Kling AI has developed a clear commercial strategy and monetization model, offering paid subscription memberships for prosumers and API services for enterprise clients. Under the membership model, users make paid top-ups to become monthly or annual subscribers of different

tiers, entitling them to certain tiered credits. When users create content with Kling AI, we deduct credits from their associated member accounts, depending on their choice on product version and parameters. Once their credits are depleted, users can purchase additional credits via separate paid top-ups. Under the API service model, enterprise clients prepay to purchase resource packages depending on the estimated tokens they will use. Once they used all of the tokens in their package, they can top up their tokens to use more API services.

Today, Kling AI is widely embraced across various professional creative fields, including advertising and marketing, e-commerce, film and television, short plays, animation, and gaming. As Kling AI forges forward with expansion into a broader range of application scenarios, it has made further breakthroughs in revenue growth, with revenue exceeding RMB300 million in the third quarter of 2025.

Overseas Services

Leveraging our knowhow in domestic short video operation, we also operate in the Brazilian, Middle Eastern and Indonesian markets, with a key focus on the Brazilian market, and an operational strategy of investing in local content operations and local brand marketing, achieving high-quality and healthy growth of traffic. We monetize primarily through the provision of online marketing services and live streaming, and have also begun exploring e-commerce opportunities, under the condition that disciplined management of return on investment (ROI) is maintained. We have improved our monetization and operational efficiency in the overseas markets and validated the future profitability potential of our services.

Technology

We advance our technological capabilities by building a full-stack AI infrastructure spanning computing power, scalable networking infrastructure, platforms and data. Leveraging a synergistic framework of general-purpose models, application-specific models and R&D efficiency systems, we underpin the intelligent development of all our businesses. This enables us to offer a wide array of products and services to deliver enhanced experiences for both our users and business partners, driving mutual growth.

We have a dedicated team of highly-skilled engineers, computer scientists, and technicians whose expertise spans a wide range of areas. A significant number of our research and development personnel have prior experience of working with renowned technology companies.

ESG

We are committed to the values of ESG. The paragraphs below set out our ESG initiatives, relevant awards, and professional ESG ratings.

Environmental

Our self-built data center, the Ulanqab Data Center, saved approximately 5.8 million tonnes of water in 2023 and improved Water Use Effectiveness (calculated as annual consumption of water resources in the data centers, divided by annual power consumption of IT equipment in the data centers) to an industry-leading 0.42. In 2024, the Ulanqab Data Center purchased a total of 411,779.0MWh of green electricity and green power certificates, accounting for 87.1% of its annual electricity consumption, thereby avoiding a total of 220,960.6 tonnes of CO2 equivalent emissions.

In 2023, we also independently developed the waterless integrated fluorine pump air conditioner. Through the high-capacity fluorine pump natural cooling technology and precise control logic, our annual average Power Usage Effectiveness (PUE) has reduced by 33% compared to the traditional air conditioner. It is expected to save 50,000MWh of electricity and 1.2 million tonnes of water in the Ulanqab Data Center Park annually. In 2024, the lowest level of PUE of Kuaishou's self-built data center can reach as low as 1.139.

Social

To date, we have made charitable and other donations of over RMB200 million and facilitated more than 40 million employment opportunities. As of December 31, 2024, the gender ratio of our workforce (including our senior management) was approximately 56.0% male to 44.0% female. To achieve the goal of improving fairness and create more opportunities for female employees, we have implemented measures to ensure that a diverse range of candidates are considered for the purposes of recruitment, training, and promotions.

Governance

In 2024, we kept optimizing our three-tier ESG governance structure comprising the "governance level," "management level" and "execution level." The Board and the Corporate Governance Committee oversee our ESG management, the ESG Working Group coordinates and guides the implementation of our ESG practices across departments, while the departments forming the ESG Working Group implement and promote our ESG affairs.

Employees

We have 24,718 full-time employees as of December 31, 2024. We occasionally engage some third-party labor outsourcing and labor dispatch services, though most of our employees are directly employed by us. Substantially all of our employees are based in China, primarily at our headquarters in Beijing, as well as in Chengdu, Hangzhou, Wuhan, Wuxi, and other cities.

Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, and other factors.

Quality Control and Content Analysis

We are committed to complying with relevant laws and regulations, protecting third-party intellectual property rights, and maintaining a healthy content community on our platform. All participants on our platform are required to abide by our terms of service and community regulations, which strictly prohibit inappropriate content across our platform. Our community regulations set forth in detail prohibited content and actions including, but not limited to, provocative or inflammatory language, full or partial nudity, sexually suggestive language and body movements, abusive language or actions towards other users, spam, scams, acts and threats of violence, and information facilitating or promoting illegal transactions or activities.

Data Security and Privacy

We have implemented a data security management protocol that sets out policies for data-related operations within our Company, including the collection, transmission, storage, sharing, destruction, backup, and recovery of data. Our data security policies include mechanisms for user privacy protection, data classification, monitoring, emergency response, and management of third parties. In 2024, Kuaishou maintained several information security management system certifications, including ISO 27001 information security management system, ISO 27701 privacy information protection management system and ISO 27017 cloud service information security management system, covering 100% of our business lines. Kuaishou also received the Three-Star Certificate for Social Responsibility Evaluation of Data Security and Personal Information Protection from the Data Security Working Committee of the China Cybersecurity Industry Alliance (CCIA).

Intellectual Property

We seek to protect our intellectual property rights through a combination of patents, trademarks, copyrights, trade secrets, and confidentiality agreements. As of December 31, 2024, we had filed 12,967 patent applications domestically and abroad in total, among which, 6,358 patents were patents. We have also obtained 10,195 domestic and foreign registered trademarks, and 7,232 copyright registrations.

The following discussion summarizes certain aspects of PRC law and regulations, which are relevant to our operations and business. For a description of the legal risks relating to government regulation of our business, see "*Risk Factors*."

Regulations on Value-Added Telecommunications Services and Foreign Investment Restrictions

On September 25, 2000, the Telecommunications Regulations of the People's Republic of China (《中華人民共和國電信條例》) (the "**Telecom Regulations**"), were issued by the State Council, and were last amended and became effective on February 6, 2016 as the primary governing law on telecommunication services. The Telecom Regulations set out the general framework for the provision of telecommunication services by PRC companies. Pursuant to the Telecom Regulations, telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The Telecom Regulations draw a distinction between "basic telecommunications services" and "value-added telecommunications services." The Catalog of Telecommunications Business (《電信業務分類目錄》) was issued as an attachment to the Telecom Regulations, to categorize telecommunications services as "basic" or "value-added," and online data processing and transaction processing services and information services via public communication networks such as fixed networks, mobile networks and internet are classified as value-added telecommunications services.

Pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022, and the 2024 Negative List, jointly promulgated by the NDRC and the Ministry of Commerce on September 6, 2024 and which took effect on November 1, 2024, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established, and the ultimate foreign equity ownership in a value-added telecommunications services provider cannot exceed 50%, except for e-commerce business, domestic multiple-party communications services business, store-and-forward business, and call center business, which may be 100% owned by foreign investors.

In addition, the 2024 Negative List prohibits foreign investors from engaging in the business of providing internet-based public information publishing services.

On July 13, 2006, the Ministry of Industry and Information Technology (the "**MIIT**"), issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), which requires foreign investors to set up foreign-invested enterprises (such an enterprise, an "**FIE**"), and obtain a license for value-added telecommunications services (the

"**VATS License**"), to conduct any value-added telecommunications business in China. Pursuant to the circular, a domestic company that holds a VATS License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local VATS License holder or its shareholder. The circular further requires each VATS License holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license.

On April 8, 2024, the MIIT issued the Notice on Carrying Out the Pilot Work of Expanding the Opening up of Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》), which provides, among others, the removal of foreign ownership ratio restrictions for specific value-added telecommunications services (including internet data centers (IDC), content delivery networks (CDN), internet access services (ISP), online data processing and transaction processing services, and information release platform and transmission services (excluding internet news information, online publishing, online audio-visual, and internet cultural operation) and information protection and processing services under catalog of information services) in the pilot areas of Beijing, Shanghai, Hainan, and Shenzhen. Foreign-invested companies that plan to carry out the aforementioned value-added telecommunications services in the pilot areas and meet specific business operation requirements should apply to the MIIT for a pilot approval of value-added telecommunications business operations. The MIIT will have discretion as to whether to grant the license. However, there remains substantial uncertainties as to whether and what qualification requirements will be imposed on or applied to, a foreign investor with respect to holding equity interest in a value-added telecommunications services provider in China.

Regulations on the Provision of Internet Content Services

On July 3, 2017, the MIIT promulgated the Administrative Measures for Telecommunications Business Operating Permit (《電信業務經營許可管理辦法》), which took effect on September 1, 2017. The measures confirm that there are two types of telecom operating licenses for operators in China, namely, license for basic telecommunications services and the VATS License. The operation scope of the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator must conduct its business in accordance with the specifications listed in its VATS License. In addition, a VATS License's holder is required to obtain approval from the original permit-issuing authority in respect of any change to its shareholders.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), or the "Internet Measures", which were promulgated by the State Council on September 25, 2000 and last amended on December 6, 2024, set out guidelines on the provision of internet

information services. Pursuant to the Internet Measures, commercial internet information services operators must obtain a value-added telecommunications business operating license, or the ICP License, from the relevant government authorities before engaging in any commercial internet information services operations in China.

The content of the internet information is highly regulated in China. Internet information service operators must guarantee the content of the information provided is lawful. According to the Internet Measures, violators who provide prohibited internet content may be subject to penalties, including criminal sanctions, operation suspension and rectification, or even revocation of ICP Licenses. Commercial internet information services operators are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities. For example, at the end of 2019, the Cyberspace Administration of China (the "**CAC**"), issued the Provisions on the Management of Internet Information Content Ecology (《網絡信息內容生態治理規定》), which became effective on March 1, 2020, to strengthen the regulation and management of internet information content. Pursuant to the order, each internet information service provider is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardizing national security; (ii) to strengthen the examination of advertisements published on such internet information content service platform; (iii) to promulgate management rules and platform convention and improve user agreement, such that the internet information content service platform could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules, and conventions; (iv) to establish convenient means for complaints and reports; and (v) to prepare annual work report regarding its management of internet information content ecology. In addition, an internet information service provider must not, among others, (i) utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to registration of fraudulent accounts, illegal transaction of account or manipulating users' accounts; or (iii) infringe a third party's legitimate rights or seek illegal interests by way of interfering with information display.

Regulations on Internet Audio-Visual Program Services

According to the Certain Decisions on the Entry of the Non-state-owned Capital into the Cultural Industry (《關於非公有資本進入文化產業的若干決定》) promulgated by the State Council, which took effect on April 13, 2005, and the 2024 Negative List, non-state-owned capital and foreign investors are not allowed to conduct the business of transmitting audio-visual programs via an information network.

On February 17, 2011, the MCT promulgated the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》), which were amended on December 15, 2017. According to the provisions, "internet culture activities" include, among other things, online

dissemination of internet cultural products and the production, reproduction, importation, publication and broadcasting of internet cultural products. In May 2019, the MCT issued a circular to adjust the applicable scope for the online culture operating permit, pursuant to which it will no longer be the authority supervising the online game industry and therefore the business scope of an online culture operating permit issued by it, and its local counterparts will only cover internet cultural products including online music, online plays or programs, online performance, online works of art, online cartoon and exhibition, and online matches, but excluding online games. Internet cultural entities are classified into operational internet cultural entities and non-operational internet cultural entities. Operational internet cultural entities must file an application for online culture operating permit to the competent culture administration authorities.

According to the Administrative Regulations on Internet Audio-Visual Program Service (《互聯網視聽節目服務管理規定》), promulgated by the NRTA and the MIIT on December 20, 2007, which took effect on January 31, 2008, and were amended on August 28, 2015, "internet audio-video program services" means producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to a third party. Entities providing internet audio-video programs services must obtain an internet audio-video program transmission license. According to the Administrative Regulations on Internet Audio-Visual Program Service and other relevant laws and regulations, audio-video programs provided by the entities supplying internet audio-video program services cannot contain any illegal content or other content prohibited by the laws and regulations, such as any content against the basic principles in the PRC Constitution, any content that damages the sovereignty of the country or national security, and any content that disturbs social order or undermine social stability.

On November 18, 2019, the CAC, the MCT and the NRTA jointly issued the Administrative Provisions on Online Audio-visual Information Services (《網絡音視頻信息服務管理規定》), which took effect on January 1, 2020. According to the provisions, online audio-visual information services refer to the services of producing, publishing and disseminating audio-visual information offered to the public via internet platforms, such as websites and application programs. The provisions also require that no individual or entity is allowed to (i) use the online audio-visual information services or related technologies to engage in any activities which may jeopardize national security, undermine social stability or infringe the legitimate rights of others; or (ii) produce, publish or disseminate any audio-visual information prohibited by the laws and regulations, such as internet rumors. The provider of audio-visual information services must establish, maintain and optimize a rumors refuting regime, under which once it identifies that any user of audio-visual information services produces, publishes or disseminates any rumor by virtue of the technology of producing forged pictures or audio-visual information based on deep-learning or virtual reality, such provider must take measures to refute such rumors in a timely manner and file such situations with the competent authorities governing internet information, culture and tourism, and radio and television.

Regulations on Live Streaming

On November 4, 2016, the CAC issued the Administrative Regulations on Online Live Streaming Services (《互聯網直播服務管理規定》) (the "**Online Live Streaming Regulations**"), which came into effect on December 1, 2016. According to the Online Live Streaming Regulations, all online live streaming service providers shall take various measures during operation of live streaming services, including, but not limited to: (i) establish platforms for reviewing live streaming content, conducting classification and grading management according to the online live streaming content categories, user scale and others, add tags to graphics, video, audio or broadcast tag information for platforms; (ii) conduct verification on online live streaming users with valid identification information and validate the registration of online live streaming publishers based on their identification documents; (iii) examine and verify the authenticity of the identification information of online live streaming service publishers, classify and file such identification information records with the local counterpart of the CAC, and provide such information to relevant law enforcement departments upon legal request; (iv) enter into a service agreement with the users of online live streaming services of which the essential clauses shall be under guidance of the local counterpart of the CAC, to clarify the rights and obligations of the parties and require them to comply with the laws, regulations and platform conventions; and (v) establish a credit-rating system and a blacklist system, to provide management and services according to such credit rating, prohibit re-registration of accounts by online live streaming service users on the black list and promptly report such users to relevant local counterpart of the CAC.

On November 12, 2020, the NRTA issued the Notice 78, which sets forth registration requirements for platforms providing online show live streaming or e-commerce live streaming to have their information and business operations registered by November 30, 2020. Notice 78 also set forth requirements for certain live streaming businesses with respect to real-name registration, limits on user spending on virtual gifting, restrictions on minors on virtual gifting, live stream review personnel requirements, content tagging requirements, and other requirements. For example, Notice 78 requires live streaming platforms to set a limit to the amount of virtual gifts a user can send per day and per month, as well as the amount that can be gifted at any one time.

On April 23, 2021, the CAC and six PRC regulatory agencies jointly issued the Administrative Measures for Online Live-Streaming Marketing (Trial) (《網絡直播營銷管理辦法(試行)》), which requires live streaming platforms, among others, to implement the authentication of real identity information of live streaming room operators and live streaming marketing personnel, establish and improve risk identification models, and take measures such as pop-up prompt, warning against violations, restriction of flow, and suspension of live-streaming, against high-risk marketing acts suspected of violating laws and regulations.

On April 12, 2022, the NRTA issued the Notice on Strengthening the Management of Live Streaming of Games on the Online Audio-Visual Program Platform (《關於加強網絡視聽節目平台遊戲直播管理的通知》), pursuant to which, live streaming platforms are strictly prohibited from

disseminating or streaming online games that have not been approved by the competent authorities, and shall, among others, strengthen the management of gaming streamers. On June 8, 2022, the NRTA and the MCT issued the Code of Conduct which stipulates, among others, that for live streaming content that requires a high level of professional skills (such as medical and health care, finance, law and education), streamers should obtain the corresponding practice qualifications and report the practice qualifications to the live streaming platforms, and the live streaming platforms shall review and record the relevant qualifications. The Code of Conduct also stipulates that live streaming platforms shall establish comprehensive internal policies to manage their streamers.

Regulations on Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**APP Provisions**"), which were promulgated by the CAC on June 28, 2016, and last amended by the CAC on June 14, 2022 and became effective on August 1, 2022. Pursuant to the APP Provisions, CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of mobile application information services. Pursuant to the APP Provisions, a mobile internet app refers to an app software that runs on mobile smart devices to provide users with information services, and mobile internet app providers refer to the owners or operators of mobile internet apps which provide information services. Mobile internet app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. Mobile internet app providers shall not provide the relevant services to the users who fail to submit real identity information or use fraudulent identity information of other organizations or persons for fake registration. Mobile internet app providers shall also establish sound information content review and management mechanism, take sound management measures such as user registration, account management, information review, daily inspection and emergency disposal, and be staffed with professionals and technical ability appropriate to the service scale. Furthermore, mobile internet app providers who launch new technologies, applications or functions with the attribute of public opinion or the capability of social mobilization shall conduct security assessment in accordance with the applicable laws and regulations. If an internet app provider violates these regulations, internet app distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and the application provider may be imposed administrative penalty by the CAC and other competent authorities in accordance with the laws and regulations.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》), which took effect on July 1, 2017. The

interim measures require that, among others, internet information service providers must ensure that a mobile application, as well as its ancillary resource files, configuration files, and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

On July 21, 2023, the MIIT issued the Notice of the Record-filing of Mobile Internet Apps (《關於開展移動互聯網應用程序備案工作的通知》). Pursuant to this notice, operators of mobile internet apps which engage in internet information services within China shall complete a record-filing procedure prior to their provision of internet information services via mobile internet apps. The operators of mobile internet apps shall mark their respective record-filing number in a prominent place of the mobile internet apps, and incorporate a hyperlink of the record system below the record-filing number to facilitate the checking by the public. In case of any change to or deregistration of any filed information of such apps, the operators shall make revision record-filings with respect to such change or deregistration with the regulatory authority.

Regulations on Radio and Television Programs

On August 11, 1997, the State Council promulgated Administrative Regulations on Radio and Television (《廣播電視管理條例》), which came into effect on September 1, 1997 and were last amended on December 6, 2024. Units for the production and management of radio television programs are established upon the approval of the administrative departments for radio and television under the people's governments at or above the provincial level. Only radio stations, television stations and units for the production and management of radio television programs can produce radio and television programs. No radio or television station may broadcast any program produced by units which are not licensed to produce and manage radio or television programs.

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs (《廣播電視節目製作經營管理規定》) promulgated by the NRTA on July 19, 2004, which took effect on August 20, 2004 and were last amended on June 3, 2025, any business that produces or operates radio or television programs must first obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits must conduct their business within the permitted scope as provided in their permits. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

Regulations on Internet Advertising

On February 25, 2023, the SAMR promulgated the Internet Advertisement Measures, which took effect on May 1, 2023. The measures regulate all commercial advertising activities for the direct or indirect promotion of commodities or services within the PRC by making use of websites, web pages, internet applications or other internet media in the form of texts, images, audios, videos, or other forms. Pursuant to the measures, internet advertisers are responsible for the

authenticity of the content of advertisements and may publish advertisements by setting up a website or an internet medium legally used by them, or by entrusting internet advertising operators or advertising publishers to publish advertisements. Internet platform operators must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements. The following activities should/must be taken by internet platform operators to prevent and stop illegal advertisements pursuant to the measures: (i) recording and keeping the real identity information of the users who publish advertisements, and keeping the information records for at least three years from the date the information service ends; (ii) monitoring and screening the contents of advertisements published, taking necessary measures such as notifying for correction, deleting, blocking and disconnecting the published links to stop illegal advertisements and keeping the relevant records; (iii) establishing an effective mechanism for accepting and handling complaints and reports, setting up convenient portals or publicizing the means for lodging complaints and reports, and accepting and handling such complaints and reports in a timely manner; (iv) not obstructing or impeding, by technical means or other means, the market regulatory authorities from carrying out advertisement monitoring; (v) cooperating with the market regulatory authorities in investigating illegal activities in internet advertising, promptly adopting technical means to preserve the evidentiary materials related to the suspected illegal advertisements, and truthfully providing the real identity information of the relevant advertisement publishers, the record of modification of advertisements and the transaction information of the relevant commodities or services; and (vi) taking measures such as warning, suspending or terminating services against the users who publish illegal advertisements through their information services. In addition, pursuant to the PRC Advertising Law (《中華人民共和國廣告法》), which was last amended in April 2021 and all the provisions thereunder apply to the advertising activities conducted via the internet, the release or distribution of advertisements via internet shall not interfere with the normal use of the internet by users. Advertisements published on internet pages as a pop-up or in similar forms must clearly display a symbol for closing to ensure that the users may close such advertisements by one click. Any violation of these laws and regulations may result in fines, prohibition of publishing advertisements for a period of time or revocation of business licenses, etc. Furthermore, advertising operators or advertising distributors may be subject to civil liability if they infringe on the legal rights and interests of third parties.

Regulations on E-Commerce Services

The SCNPC promulgated the E-Commerce Law, on August 31, 2018, which took effect on January 1, 2019. The E-commerce Law clarifies obligations for the operators of e-commerce platforms. For example, among other things, an operator of an e-commerce platform must (i) require merchants that apply to sell products or provide services on its platform to submit truthful information, including the identities, addresses, contacts, and licenses; (ii) verify and examine such information; (iii) establish registration archives and verify, examine, and update such information on a regular basis; (iv) submit identification information of merchants on its platform to market regulatory authorities and remind merchants that have not registered with market regulatory

authorities to complete the relevant registration; (v) submit identities and tax payment-related information of the merchants on its platform to tax authorities and remind merchants that have not registered with tax authorities to complete the relevant tax registration; (vi) conspicuously display the terms of platform service agreements, transaction rules or links to such information on the homepage of the platform, and ensure that merchants and consumers are able to read and download such information conveniently; and (vii) restrain from deleting any comments made by consumers on any products sold or service provided on its platform. Where an e-commerce platform operator fails to take necessary measures when it knows or should have known that the products or services provided by a merchant on its platform do not meet the requirements regarding personal or property safety, or commits any other acts that impair the lawful rights and interests of consumers, such operator will be held jointly liable with the merchants on its platform. Where an e-commerce platform operator fails to verify and examine the qualifications of a merchant on its platform or fails to fulfill its obligation to assure the safety of consumers with respect to products or services affecting consumers' life and health, which results in damage to consumers, such operator must take the corresponding liability. Where an e-commerce platform operator knows or should have known that a merchant on its platform has infringed any intellectual property right of other third parties, it must take necessary measures, such as deleting or blocking the relevant information, disabling the relevant links, and terminating the relevant transactions and services; otherwise, such operator will be held jointly liable with the infringing party.

On March 15, 2021, the SAMR, promulgated the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》) (the "**Online Transactions Measures**"), which was amended on March 18, 2025 and took effect on May 1, 2025. The Online Transaction Measures provide more detailed requirements for the operators and platforms, such as clarifying the specific acts infringing consumers' personal information in online transactions, the prohibited contents contained in the standard terms used by the operators, and elaborating the measures shall be applicable to the operating activities of selling goods or providing services through social network and network live-streaming. In particular, the Online Transaction Measures require that online transaction operators shall not force customers, whether or not in a disguised manner, to consent to the collection and use of information not directly related to their business activities by means of one-off general authorization, default authorization, bundling with other authorizations, or the suspension of installation and use. Otherwise, such online transaction operator may be subject to fines and consequences under related laws and regulations, including without limitation suspension of business for rectification and revocation of permits and licenses.

On February 28, 2025, the SAMR promulgated the Guiding Opinions on Promoting the Implementation of Compliance Management Responsibilities by Online Trading Platform Enterprises (《關於推動網絡交易平台企業落實合規管理主體責任的指導意見》) (the "**Guiding Opinions**"), with the objective of enhancing compliance management frameworks for internet trading platform operators. The Guiding Opinions emphasize the imperative for enterprises to fully assume their primary compliance obligations, while explicitly reinforcing the accountability of corporate executives in overseeing compliance management systems.

On March 24, 2025, the SAMR issued the Interim Measures for the Submission of Online Trading Compliance Data and the Administration (《網絡交易合規數據報送管理暫行辦法》), which took effect on April 25, 2025. The interim measures define the scope of compliance data for online transactions, such as identity information of online transaction operators, data on clues to illegal activities, administrative law enforcement coordination data, and transaction data for specific goods or services. It also standardizes the act of submitting compliance data in online transactions, clarifies the time limit for data submission, the hierarchical level of submission, and the content of submission, and stipulates the utilization and management of compliance data in online transactions.

On July 31, 2025, the SAMR published the Guidelines on Fee Charging Compliance for Online Transaction Platforms (《網絡交易平台收費行為合規指南》), aiming to standardize how online transaction platforms charge merchants for services, such as commission fees, membership fees, technical service charges, information fees, and marketing expenses. Under the guidelines, the online transaction platforms must adhere to principles of fairness, legality, and good faith when determining fees. The guidelines also explicitly prohibits online transaction platforms from engaging in unreasonable fee practices including: (1) duplicating charges, (2) collecting of fees without providing corresponding services, (3) shifting platform costs to online merchants, (4) charging online merchants for access to basic operational data, (5) forcing or coercing online merchants to purchase services or participate in promotional or sales activities and imposing fees for such actions, (6) imposing disguised charges or raising fees through mechanisms such as unreasonable security deposits, (7) engaging in price discrimination by offering identical goods or services to online merchants under equivalent transaction conditions, (8) charging any other unreasonable fees.

On December 10, 2025, the SAMR and nine other authorities jointly promulgated the Guiding Opinions on Enhancing the Quality of Products and Services on Online Trading Platforms (《關於提升網絡交易平台產品和服務質量的指導意見》) (the "**Quality Enhancement Guiding Opinions**"), which further clarify the regulatory authorities and strengthen regulatory expectations on online trading platform operators with respect to product and service quality management. The Quality Enhancement Guiding Opinions require platforms to truthfully disclose consumer review and evaluation information, incorporate credit information shared by market regulatory authorities (such as administrative penalties, lists of seriously dishonest entities and credit restoration records) into platform credit and rating systems, and use such information as an important basis for merchant access, exit, traffic allocation and other operational arrangements. In addition, with respect to online trading activities conducted through live-streaming, the Quality Enhancement Guiding Opinions urge online trading platform operators to establish blacklist management systems, pursuant to which live-streaming room operators and live-streaming marketing personnel that have seriously violated quality-related laws, regulations or rules may be included on such blacklists and be subject to corresponding restrictive measures.

Regulations on Consumer Protection

The Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), which was promulgated by the SCNPC on October 31, 1993, was further amended on October 25, 2013, and became effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers. Pursuant to the law, business operators must guarantee the quality, function, usage, term of validity, personal or property safety requirement of the goods and services and provide customers with authentic information about the goods and services. Consumer whose legitimate rights and interests are harmed in the purchase of goods or receipt of services rendered through an online trading platform may seek compensation from the seller or the service provider. Where the online trading platform provider is unable to provide the true name, address and valid contact method of the seller or the service provider, the consumer may seek compensation from the online trading platform provider; where the online trading platform provider makes an undertaking which is more favorable to the consumer, the undertaking must be performed. Upon compensation by the online trading platform provider, the online trading platform provider must have the right to recover the compensation from the seller or the service provider. Where the online trading platform provider is or should be aware that the seller or the service provider is using its platform to harm the legitimate consumer rights and interests but failed to adopt the requisite measures, the online trading platform provider will be liable jointly and severally with the seller or the service provider pursuant to the law. Furthermore, on March 15, 2024, the Implementing Rules of the Consumer Rights Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法實施條例》) was released and came into effect on July 1, 2024. These rules further specify the obligations stipulated in the PRC Consumer Rights and Interests Protection Law, such as protecting consumers' personal and property safety, handling of defective products, prohibiting fraudulent advertising and unfair practices in standard terms, price transparency, quality guarantee, and protecting consumers' personal information. Additionally, these rules added the obligations of business operators regarding the protection of elderly and minors as consumers. Furthermore, these rules provide requirements to address situations where business operators may abuse technology, platform rules or their dominant positions to infringe on consumer rights, such as prohibiting price discrimination, fraudulent advertising and excessively collecting consumers' personal information. In addition, these rules require livestreaming marketing platform operators to establish and improve mechanisms for consumer rights protection.

Regulations on Algorithm and Artificial Intelligence.

Since 2021, the PRC government has taken steps to strengthen the supervision on the use of algorithm in the field of internet information service. On September 17, 2021, the CAC and eight other authorities jointly issued the Notice on Promulgation of the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithm-Related Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provides that, among others, enterprises shall establish an algorithmic security responsibility system and a technology ethics

vetting system, improve the algorithmic security management organization, strengthen risk prevention and control, and improve the capacity to respond to algorithmic security emergencies. On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), or the "Algorithm Recommendation Provisions", which became effective on March 1, 2022. The Algorithm Recommendation Provisions stipulates that algorithmic recommendation service providers shall (i) fulfill their responsibilities with respect to algorithm security, (ii) establish and strengthen management systems for algorithm mechanism examination, technology ethics review, user registration, information release examination, data security and personal information protection, anti-telecom and network fraud, security assessment and monitoring, emergency response to security incidents, among others, and (iii) formulate and publish rules governing algorithmic recommendation related service. The provider of algorithmic recommendation services shall not use the services to (i) carry out any illegal activity which may endanger national security or social or public interest, disturb economic order or social order, or infringe on third parties' legal interest, or (ii) disseminate any information prohibited by laws or regulations. Besides, such provider shall not take advantage of its algorithms to impose unreasonable restrictions on other information service providers, or hinder or obstruct the normal operation of their lawful services. The providers of algorithmic recommendation services involving public opinion or having the capacity to effect social mobilization shall complete a filing with the CAC's filing system within ten business days after the launch of such services.

On November 25, 2022, the CAC, MIIT and Ministry of Public Security jointly issued the Administrative Provisions on Deep Synthesis of Internet Information Services (《互聯網信息服務深度合成管理規定》), or the "Provisions on Deep Synthesis Services", which took effect on January 10, 2023. According to the Provisions on Deep Synthesis Services, deep synthesis technology refers to any technology that utilizes deep learning, virtual reality or any other generative or synthetic algorithm to produce text, images, audio, video, virtual scenes or other network information. The Provisions on Deep Synthesis Services emphasize that the providers of deep synthesis services, as the primary entities responsible for the information security, shall not use deep synthesis services to engage in activities prohibited by laws and regulations. If the CAC and other relevant competent governmental authorities find that the deep synthesis service has a serious information security risk, they can require the deep synthesis service providers and technical supporters to suspend information update, user account registration or other related services in accordance with their duties and applicable laws. Deep synthesis service providers and technical supporters should take measures to rectify and eliminate hidden dangers. Deep synthesis service providers and technical supporters who violate such provisions shall be punished in accordance with relevant laws and regulations; If the act of deep synthesis services providers and/or technical supporters constitutes a violation of the administration of public security, it shall be punished according to the laws related to the administration of public security; If the act constitutes a crime, such deep synthesis service provider and/or technical supporter shall be prosecuted for criminal responsibility.

On July 10, 2023, the CAC and six PRC regulatory agencies, including the NDRC, jointly issued the Interim Measures on the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), which took effect on August 15, 2023. Such measures define the generative artificial intelligence technology as the models and the related technologies with the ability to generate such contents as texts, pictures, sound, videos, etc. Pursuant to such measures, among others, the content generated by the generative artificial intelligence shall be true and accurate, and measures shall be taken to improve the transparency of generative artificial intelligence services and the accuracy and reliability of the generated content during the provision of generative artificial intelligence services. Organizations and individuals that use generative artificial intelligence technology to provide generated content services such as texts, pictures, sound, videos, etc., including those that provide generative artificial intelligence services by providing programmable interfaces or otherwise, shall assume the responsibilities of producers of the internet information content. In addition, such providers shall conduct the training data processing activities, such as data pre-training and optimized training, in accordance with the laws, and take effective measures to improve the quality of training data and to enhance the authenticity, accuracy, objectivity and diversity of the training data.

On March 7, 2025, the CAC released the Measures for Labeling Artificial Intelligence Generated Synthetic Contents (《人工智能生成合成內容標識辦法》), effective on September 1, 2025, which establishes requirements for network information service providers regarding the labeling of AI-generated synthetic content. Such content includes, but not limited to, the AI-generated texts, voices, videos, images or virtual scenes. Under these rules and regulations, all AI-generated synthetic content which may cause confusion or misidentification of the public must feature explicit labels to inform users that the content is AI-generated. For example, the text prompts, general symbol prompts or other explicit labels shall be added at the beginning, end or middle of the AI-generated texts to signify that the content contains AI-generated material. In addition, network information service providers shall feature implicit labels to the metadata of AI-generated content. Implicit labels shall include the attributes of the generated synthetic contents, the name or code of the service provider, content serial number and other production element information. The network information service providers are encouraged to use implicit labels in the form of digital watermark and other forms in the AI-generated synthetic contents.

Regulations Relating to Online Games

On June 4, 2009, the MOC and the MOFCOM jointly issued the Virtual Currency Notice. It defines the meaning of the term virtual currency and places a set of restrictions on the trading and issuance of virtual currency. The Virtual Currency Notice also states that online game operators are also not allowed to give out virtual items or virtual currency through lottery-base activities, such as lucky draws, betting or random computer sampling, in exchange for players' cash or virtual money. However, since the MCT no longer assumes the responsibility for the administration of online game industry, it is unclear whether the responsibility for supervising the virtual currency

will be undertaken by another government agency and to what extent the issuance and trading of virtual currency shall be subject to the Virtual Currency Notice that has not been officially abolished.

Online game operations are covered extensively by a number of existing laws and regulations issued by various PRC governmental authorities. Under the Regulations on the Administration of the Publication of Electronic Publications (《電子出版物出版管理規定》) promulgated on February 21, 2008 and other regulations issued by the PRC General Administration of Press and Publication, online games are classified as a kind of electronic production. It requires online games to be published by licensed electronic publishing entities with standard publication codes. Under the Interim Regulations on Administration of Internet Culture (《互聯網文化管理暫行規定》) promulgated on May 10, 2003 and last amended on December 15, 2017, online game operators are required to apply to the local branch of the MOC (currently the MCT) for a Network Culture Operating Permit as online games fall within the scope of internet cultural products. On 14 May 2019, the MCT promulgated the Notice on Adjustment of Approval Scope and Further Standardize Examination and Approval of Network Culture Operating Permit (《關於調整<網絡文化經營許可證>審批範圍進一步規範審批工作的通知》), pursuant to which, the MCT no longer assumes responsibility for administering the industry of online games.

On 22 December 2023, the National Press and Publication Administration released the Measures for the Administration of Online Games (Draft for Comment) (《網絡遊戲管理辦法(草案徵求意見稿)》) for public comments, aiming to regulate the order of the online game industry, protect the lawful rights and interests of users, ensure the physical and mental well-being of minors and promote the healthy and orderly development of the online game industry. According to the draft measures, before publishing and operating an online game, an entity must submit an application to the local provincial-level publication authorities, which, if approved, shall be forwarded to the national publication authority for approval. In addition, online game publishers and operators shall implement a content self-review policy, and ensure the legality and quality of published online game content.

Regulations on Cybersecurity, Data Security and Privacy Protection

Regulation on Cybersecurity and Data Security

Internet content in China is regulated and restricted from a state security standpoint. The SCNPC enacted the Decisions on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which were amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe upon intellectual property rights. On December 16, 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信

息網絡國際聯網安全保護管理辦法》), which took effect on December 30, 1997 and were amended by the State Council on January 8, 2011 and prohibit using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its websites.

According to the PRC National Security Law (《中華人民共和國國家安全法》) issued by the SCNPC on February 22, 1993 and latest revision on July 1, 2015, China shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology, network information technology products and services related to national security to prevent and neutralize national security risks in an effective way.

According to the PRC Cyber Security Law (《中華人民共和國網絡安全法》) promulgated by SCNPC on November 7, 2016 and which took effect on June 1, 2017, network operators must comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks must take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator cannot collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure must store within the territory of China all the personal information and important data collected and produced within the territory of China. The purchase of network products and services that may affect national security must be subject to national cybersecurity review. On October 28, 2025, the CAC released the revised PRC Cyber Security Law, which will take effect on January 1, 2026. The revised PRC Cyber Security Law further improves the penalty structure, expands the regulatory scope and effectively ensure the alignment between the PRC Cyber Security Law and other newly promulgated laws and regulations.

On June 10, 2021, the SCNPC promulgated the Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and

file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On July 12, 2021, the CAC, the MIIT and the Ministry of Public Security jointly issued the Circular of Issuing the Administrative Provisions on Security Vulnerabilities of Network Products (《網絡產品安全漏洞管理規定》), which took effect on September 1, 2021. Such circular states that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish information relating to such security vulnerabilities. Anyone who is aware of the aforesaid offense should not provide any technical support, advertising, payment settlement and other assistance to the offenders. According to this circular, network product providers, network operators, and platforms collecting network product security vulnerabilities must establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. In order to ensure that security vulnerabilities in network products are fixed on a timely basis and reasonably reported, network product providers should perform certain obligations on the management of security vulnerabilities in their network products, including, among others, reporting the relevant vulnerability information to the Cybersecurity Threat and Vulnerability Information Sharing Platform of the Ministry of Industry and Information Technology within two days, which shall include the name, model, and version of the product affected by such security vulnerability, as well as the technical characteristics, degree of harm and scope of impact of such vulnerability. This circular also prohibits the disclosure of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

On July 30, 2021, the State Council promulgated the Provisions on Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021 and provides that "critical information infrastructures" refers to important network facilities and information systems involved in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense related science and technology industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood and public interests if damaged, malfunctioned, or if leakage of data relating thereto occurs. The regulation specifies that when a material cybersecurity threat materializes or material cybersecurity event impacts critical information infrastructure, the operator shall report to the administrative organ in accordance with related provisions, and the operator of the critical information infrastructure shall preferably procure safe and reliable cyber products and services. If the purchase of internet products and services may affect national security, the cybersecurity review of the state shall be passed.

On December 28, 2021, the CAC, the NDRC, and several other administrations jointly promulgated the revised Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022 and replaced the previous version published on April 13, 2020. These measures establish the basic framework for national security reviews of network products and services, and provide the principal provisions for undertaking cyber security reviews. According to these measures, critical information infrastructures operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review. In addition, the regulatory authorities are still authorized to impose security reviews on network products and services that are deemed capable of affecting national security. The network platform operators who possess personal information of more than one million users and intend to be listed on a foreign stock exchange must be subject to the cybersecurity review. Critical information infrastructures operators and network platform operators may voluntarily file for a cybersecurity review with CAC prior to purchasing network products and services if they deem their behavior affect or may affect national security based on self-assessment and self-evaluation. Notwithstanding the voluntary filing, the authorities can initiate cybersecurity reviews accordingly. Cybersecurity reviews focus on assessing the national security risks associated with relevant subjects or circumstances, mainly taking the following factors into account: (i) the risk of illegal control, interference or destruction of critical information infrastructure arising from the purchase and utilization of network products and services; (ii) the potential harm on the business continuity of critical information infrastructure incurring from a disruption of network products and services supply; (iii) the safety, openness, transparency, diversity of sources of network products and services; the reliability of suppliers; and the risk of supply disruption due to political, diplomatic, trade and other reasons; (iv) the level of compliance with PRC laws, administrative regulations and ministry rules of the suppliers of network products and services; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally transferred abroad; (vi) in connection with the listing of a company, the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or used with malicious intent by foreign governments, as well as the risk relating to network information security; and (vii) other factors that may harm critical information infrastructure security, cyber security and/or data security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), which took effect on the same date. In accordance with such regulations, to provide data abroad under any of the following circumstances, a data processor must apply to the national cyberspace department for data security assessment through the provincial-level cyberspace administration authority: (i) outbound transfer of important data by a data processor; (ii) outbound transfer of personal information by a critical information infrastructure operator; (iii) outbound transfer of personal information by a personal information processor who has made outbound transfers of the personal information (excluding

sensitive personal information) of 1,000,000 people cumulatively or the sensitive personal information of 10,000 people cumulatively since January 1 of the current year; and (iv) other circumstances where an application for the security assessment for an outbound data transfer is required as prescribed by the national cyberspace administration authority. In addition, the Provisions on Promoting and Regulating Cross-border Data Flow provides certain exemptions for obligations in connection with cross-border data transfer, including the obligations for declaring data security assessment, executing a standard contract for provisions of personal information abroad or being certified for personal information protection. Furthermore, data processors shall conduct self-assessment on the risks of cross-border data transfer prior to their application for the security assessment and focus on assessment of the following significant matters, including, among others: (i) the legality and necessity of the purpose, scope and method of cross-border data transfer; (ii) the scale, scope, type and sensitivity of data transferred overseas, and risks to the national security, public interests or legitimate rights of individuals or organizations caused by such cross-border data transfer; (iii) the responsibilities and obligations that the overseas recipient of such data promises to undertake, and whether such overseas recipient's management and technical measures and capabilities for performing its responsibilities and obligations can guarantee the security of cross-border data transfer; (iv) the risks that the data transferred overseas may be falsified, destroyed, divulged, lost, transferred, illegally obtained or illegally used during and after the cross-border transfer; and (v) whether contracts or other legally binding documents entered into with the overseas recipient have fully stipulated the responsibilities and obligations to protect data security.

On December 8, 2022, the MIIT issued the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which stipulates that all businesses which handle data in the field of industry and informatization in China are required to categorize such information as "ordinary," "important" or "core" and businesses processing "important" or "core" data shall comply with certain filing and reporting obligations. Data in the field of industry and informatization includes industrial data, telecoms data and radio data. Data handlers in the field of industry and informatization include software and information technology service providers and other entities in the field of industry and information technology that independently determine handling purposes and handling methods in the data handling activities and data handling activities include, but are not limited to, data collection, storage, use, processing, transmission, provision and publication. According to such measures, data handlers in the field of industry and informatization shall file their catalogs of important data and core data with the local industrial regulatory authorities for the record. Data handlers in the field of industry and informatization shall follow the principles of legality and legitimacy in collecting data and shall not steal or collect data by other illegal means. To provide data handling services which involve operation of telecommunications business, data handlers in the field of industry and informatization shall obtain a telecommunications business permit in accordance with the provisions of the laws and administrative regulations.

On May 24,2024, the MIIT issued the Implementing Rules for Data Security Risk Assessments in the Field of Industry and Information Technology (Trial Implementation) (《工業和信息化領域數據安全風險評估實施細則(試行)》), which took effect on June 1. 2024. Such implementing rules apply to data security risk assessment activities conducted by important data or core data processors in the field of industry and information technology in China. General data processors may also refer to these rules to conduct data security risk assessment. The implementing rules establish data security risk assessment mechanisms at both ministerial and provincial levels, refine assessment obligations of processors of important data and core data, and clarify the mechanism and procedures for competent industrial authorities to supervise and administer such assessment activities.

On September 24, 2024, the State Council promulgated the Regulations on the Network Data Security (《網絡數據安全管理條例》), which came into effect on January 1, 2025. Pursuant to these regulations, a network data processor processing the personal information of more than 10 million individuals shall comply with the provisions governing the important data processors. An important data processor shall carry out the risk assessment before any network data is provided by such important data processor, or such important data processor is entrusted to process or jointly process the network data. In addition, the important data processor shall also carry out risk assessments of their network data processing activities every year and submit risk assessment reports to relevant authorities at or above the provincial level. These regulations also stipulate the obligations of the network platform service providers. Network platform service providers shall specify the network data security protection obligations of third-party product and service providers who access their platforms, through platform rules, contracts or otherwise, and urge third-party product and service providers to strengthen network data security management. Network platform service providers recommending information to individuals in an automatic decision-making manner shall set up a personalized recommendation closing option that is easy to understand, access and operate, and provide users with such functions as refusing to receive recommended information and deleting user tags targeted at their personal characteristics. Where the service provider of a large network platform, which refers to a network platform with more than 50 million registered users or more than 10 million monthly active users, complex business types, and network data processing activities having a significant impact on national security, economic operation, national welfare and people's livelihood, provides cross-border network data, it shall comply with the administrative requirements on cross-border data security management and improve the relevant technical and administrative measures to prevent cross-border security risks of network data.

Regulation on Privacy Protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), which took effect on the same date, to enhance the legal protection of information security and privacy on the internet. On July 16, 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), which took effect on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used independently or in combination with other information for identifying a user.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which took effect on March 15, 2012. The provisions stipulate that without the consent of users, internet information service providers cannot collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "**personal information of users**"), nor can they provide personal information of users to others, unless otherwise provided by laws and administrative regulations.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), which took effect on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the People's Republic of China, including "citizen's personal information," "provision," and "unlawful acquisition." Also, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime. On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations on Certain Issues Regarding the Application of Law in Handling Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes (《關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》), which came into effect on November 1, 2019, and further clarifies the meaning of Internet service operators and the severe situations of the relevant crimes.

On May 28, 2020, the National People's Congress promulgated the Civil Code, which came into effect on January 1, 2021, pursuant to which the information processor shall take technical measures and other necessary measures to protect the personal information collected and stored by it and to prevent any information from being leaked, falsified and lost. In the event that any

personal information is or may be leaked, falsified or lost, the information processor shall take immediate remedial measures, inform the natural person concerned and escalate such situation to the competent department as required.

On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App 違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain commonly-seen illegal practices of apps operators in terms of personal information protection, including: (i) failure to publicize rules for collecting and using personal information; (ii) failure to expressly state the purpose, manner, and scope of collecting and using personal information; (iii) collection and use of personal information without consent of users of such App; (iv) collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity; (v) provision of personal information to others without users' consent; (vi) failure to provide the function of deleting or correcting personal information as required by laws; and (vii) failure to publish information such as methods for complaints and reporting. Pursuant to the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), which was jointly promulgated by the CAC, the MIIT and certain other government authorities on March 12, 2021, and took effect on May 1, 2021, "necessary personal information" refers to the personal information necessary for ensuring the normal operation of a mobile app's basic function services, without which the mobile app cannot achieve its function services. For online shopping mobile apps, the basic function services are "purchase of goods," and the necessary personal information includes (i) mobile phone numbers of registered users, (ii) name, address and contact number of the consignee, and (iii) time, amount and channel of payment and other payment information. For online live-streaming apps, the basic function service is the continuous provision to the public of real-time video, audio, text and graphic content browsing services, and for short video apps, the basic function service is the search for and playback of videos of no more than a certain duration. In each of the foregoing cases, no necessary personal information is required for users to use the basic function services of such apps.

On August 20, 2021, the SCNPC promulgated the PIPL, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect in November 2021. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and is recorded by electronic or other means but excluding the anonymized information. The PIPL applies to personal information processing activities within China, as well as certain personal information processing activities outside China, including those for provision of products and services to natural persons within China or for analyzing and assessing acts of natural persons within China. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where

the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose, the method of processing, the type of personal information processed and retention period to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation etc. Processors processing personal information exceeding the threshold to be set by the authorities and critical information infrastructures operators are required to store, within the territory of the PRC, the personal information collected and produced within the PRC. If the Personal Information Law is applied to a personal information processor's processing activities outside the territory of the PRC, such processor must establish a special agency or designate a representative within the territory of the PRC to be responsible for the handling of all matters relating to personal information protection and must also file the name and contact information of such agency or representative with the governmental authorities responsible for personal information protection. Specifically, a personal information processor who uses personal information to make automated decision-making shall ensure the transparency of decision-making and the fairness and impartiality of the results, and shall not impose unreasonable differential treatment on individuals in terms of pricing and other transaction conditions. The governmental authorities shall organize assessment on mobile apps' personal information protection and publicize the outcome. The mobile apps that are identified as not in compliance with personal information protection requirements under such law may be required to suspend or terminate the services and the operators may also be subject to penalties including confiscation of illegal revenues and fines. Furthermore, the PIPL also provides for the rights of natural persons whose personal information is processed, and takes special care of the personal information of children under 14 and sensitive personal information.

The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision of the account information of internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

On October 14, 2025, the CAC and the SAMR jointly issued the Measures for the Certification of Cross-Border Transfer of Personal Information (《個人信息出境認證辦法》), which will take effect on January 1, 2026, to provide further guidance and regulatory requirements, among others, on authentication on protection of personal information for cross-border transfer of personal information. However, for the cross-border transfer of personal information of one million

individuals or more by any data processors other than critical information infrastructure operators or where a critical information infrastructure operator provides personal information or critical data to overseas recipients, a security assessment for cross-border transfer of data is required.

On February 12, 2025, the CAC published the Personal Information Protection Compliance Audit Management Measures (《個人信息保護合規審計管理辦法》), which became effective on May 1, 2025. These measures mandate regular compliance audits for personal information handlers, with those handling data of over 10 million individuals required to audit biennially. Audits may be conducted by professional organizations, especially when significant risks or large-scale data breaches occur. Personal information handlers must support the audit process, rectify issues, and report to the competent departments, with additional oversight structures for large internet platforms.

On March 13, 2025, the CAC and the Ministry of Public Security jointly issued the Measures on Safety Management of Facial Recognition Technology Application (《人臉識別技術應用安全管理辦法》), or the Measures, effective on June 1, 2025. The "facial recognition technology" regulated in the Measures refers to the individual biometric recognition technology that identifies an individual based on its facial information. The Measure establishes basic requirements and processing rules for the use of facial recognition technology to process the facial information of individuals. For example, before using facial recognition technology to process facial information of individuals, personal information processors shall give comprehensive information to relevant individuals, which include, but not limited to, the following: (i) the name or contact details of the personal information processor; (ii) the purpose and method of processing facial information; and (iii) the retention period for the processed facial information. According to the Measures, the use of facial recognition technology to process facial information should have a specific purpose and sufficient necessity, while minimizing the impact on personal rights and the implementation of strict protective measures on the facial information. Where there are other non-facial recognition methods to achieve the same purpose or meet the same business requirements, facial recognition technology shall not be used as the only verification method. Furthermore, the personal information processors shall complete a filing procedure with competent cyberspace department within 30 working days once the number of stored facial information handled with application of facial recognition technology reaches 100,000 persons.

Regulations on M&A Rules and Overseas Listing

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, State-owned Assets Supervision and Administration Commission of the State Council, SAT, SAMR, China Securities Regulatory Commission (the "**CSRC**"), and SAFE issued the M&A Rules, which took effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the approval of the Ministry of Commerce must be obtained in circumstances

where overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with PRC enterprises or residents. After the PRC Foreign Investment Law and its implementation regulations became effective on January 1, 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its implementation regulations. In addition, national security review rules issued by the PRC governmental authorities in 2011 require acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. Moreover, the PRC Anti-Monopoly Law requires that the SAMR must be notified in advance of any concentration of undertaking, occurring inside or outside China, if certain thresholds are triggered.

On February 17, 2023, with the approval of the State Council, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**"), and several supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures and supporting guidelines, in connection with any offering or listing of shares, depository receipts, convertible corporate bonds, or other equity-like securities by a PRC company in an overseas stock market, whether directly or indirectly through an offshore holding company, a filing should be made with the CSRC. The issuer (if the issuer is a PRC company), or its affiliated PRC company (if the issuer is an offshore holding company), must make a filing to the CSRC in respect of any initial public offerings, follow-on offerings and other offering activities conducted by the issuer. If a PRC domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such PRC domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to administrative penalties, such as warnings and fines. If (i) the issuer meets the accounting standard that its domestic operating entities' total assets, net assets, revenues or profits in the most recent accounting year accounts for more than 50% of the corresponding line item in the issuer's audited consolidated financial statements for the same period, and (ii) its major operational activities or its principal places of business are in China, or a majority of its senior managers in charge of its operation and management are Chinese citizens or residents, such issuer's overseas offering and listing would be deemed as an indirect overseas offering and listing by such PRC domestic company. The determination of the indirect overseas offering and listing by PRC domestic companies shall follow the principle of "substance over form." In connection with its overseas offering or listing, the PRC domestic company shall designate its major PRC domestic operating entity as the PRC entity responsible for all filing procedures with the CSRC. The filing for initial public offering and listing, or for secondary or dual primary listing, of an issuer conducted overseas should be submitted to the CSRC within three business days after the filing of such issuer's listing application overseas. The Trial Measures further provides that companies that have been listed overseas prior to March 31, 2023 constitute "Existing Issuers" and are not

required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct secondary or dual primary listing, follow-on offerings, convertible bond offerings or are involved in other circumstances that require filings with the CSRC. Specifically, the filing for a follow-on offering by an issuer conducted in the same overseas market where it has previously offered or listed securities should be submitted to the CSRC within three business days after the completion of such follow-on offering. The filing for subsequent securities offerings and listings of an issuer in other overseas markets than where it previously has offered and listed securities should be submitted to the CSRC within three business days after the filing of such issuer's listing application overseas. Once listed overseas, an issuer is further required to report to the CSRC within three business days after the occurrence of any of the following major events: (i) a change of control of the issuer; (ii) the investigation, sanction or other measures undertaken by foreign securities regulatory agencies or relevant competent authorities with respect to the issuer; (iii) change of listing status or transfer of listing segment; and (iv) the voluntary or mandatory delisting of the issuer.

Furthermore, on February 24, 2023, the CSRC jointly with other governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. Pursuant to the provisions, PRC domestic companies seeking overseas offerings and listings, whether directly or indirectly, shall comply with the applicable laws and regulations, raise the awareness of confidentiality, improve their archives management system, and take necessary measures in accordance with their confidentiality and archives management responsibilities in the process of their overseas offerings and listings. Pursuant to the provisions, if a PRC domestic company is, in the course of its overseas offering and listing, required to publicly disclose or provide to any sponsors, underwriters, securities service providers, or regulators of a foreign jurisdiction, any documents that contain state secrets or work secrets of state government agencies, or any documents that, if divulged, would jeopardize national security or the public interest, such PRC domestic company must complete the applicable approval and filing procedures and any other procedures prescribed by law. The provisions also mandates that all working paper and other files produced in China by sponsors, underwriters and securities service providers in the course of the overseas offerings and listings must be stored in China and not be transmitted outside China without the approval of the competent PRC authorities. The provisions also alters procedures for the inspections of PRC domestic companies listing overseas and their sponsors, underwriters and securities service providers by foreign regulators. Specifically, in relation to inspections conducted on-site in China, the provisions removes the requirements that such inspection must be carried out primarily by PRC regulators or must rely on the results of inspection of PRC regulators. Pursuant to the provisions, foreign regulators should carry out activities relating to investigation, evidence collection and inspection, through cross-border cooperation mechanisms. Further, PRC domestic companies, sponsors, underwriters and securities service providers should obtain approvals from the CSRC or other PRC authorities before cooperating with foreign regulators in their investigations or inspections or providing any material to them.

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of companies in China is governed by the PRC Company Law (《中華人民共和國公司法》), as amended in 2005, 2013, 2018 and 2023 subsequently. According to the PRC Company Law, companies established in China are either limited liability companies or joint-stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies, unless the PRC laws on foreign investment have stipulated otherwise. The latest amended PRC Company Law has made material amendments on corporate governance and shareholders rights of the PRC companies, including, among others, the statutory period for payment of registered capital, the setting of the board of directors and the board of supervisors, and transfer of equity interests in a company.

The establishment procedures, approval procedures, registered capital requirements and day-to-day operational matters of a wholly foreign-owned enterprise are regulated by the PRC Foreign Investment Law, effective on January 1, 2020, and the Implementation Rules of the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), effective on January 1, 2020. The PRC Foreign Investment Law replaced the trio of laws regulating foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the PRC Sino-Foreign Contractual Joint Ventures Law (《中華人民共和國中外合作經營企業法》), and the PRC Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. According to the PRC Foreign Investment Law, "foreign investment" refers to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in China, including the following circumstances: (i) the establishment of foreign-invested enterprises in China by foreign investors solely or jointly with other investors, (ii) a foreign investors' acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in China, (iii) investment in new projects in China by foreign investors solely or jointly with other investors, and (iv) investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Pursuant to the PRC Foreign Investment Law, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will consist of a list of industries in which foreign investments are prohibited and a list of industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The most recent version of the negative list was issued in 2024. The PRC Foreign Investment Law and the implementation regulations allow foreign-invested enterprises established prior to January 1, 2020 and having corporate structure and governance inconsistent with the PRC Company Law or the PRC Partnership Enterprise Law (《中華人民共和國合夥企業法》), as applicable, to maintain their

corporate structure and governance within a five-year transition period, but require adjustment for compliance with the PRC Company Law or the PRC Partnership Enterprise Law, as applicable, must be completed prior to the expiration of such transition period.

On December 30, 2019, the Ministry of Commerce and the SAMR issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated by Ministry of Commerce in October 2016. Pursuant to this regulation, the requirement of record-filing with or approval from the commerce authorities is replaced with a reporting requirement, regardless of whether such foreign investment is subject to the special entry administration measures under the negative list.

The NDRC and the Ministry of Commerce jointly promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) (the "**Security Review Measures on the Foreign Investment**") on December 19, 2020, which came into effect on January 18, 2021. Pursuant to the Security Review Measures on the Foreign Investment, the NDRC and the PRC Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or would possibly have an impact on the national security be subject to security review by such working mechanism office. The Security Review Measures on the Foreign Investment define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by mergers and acquisitions; and (iii) onshore investment by and through other means. It requires that a foreign investor or its domestic affiliate shall apply for clearance of national security review with the working mechanism office before conducting any investment into any of the following fields: (i) investment in the military industry or military-related industry, and investment in areas in proximity of defense facilities or military establishment; and (ii) investment in any important agricultural product, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technologies and internet products and services, important financial services, critical technologies and other important fields which concern the national security where actual control over the invested enterprise is obtained.

Regulations Relating to Competition

According to the Law of the People's Republic of China against Unfair Competition (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993 and further amended on November 4, 2017, April 23, 2019, and June 27, 2025, respectively, operators cannot undermine their competitors by engaging in improper activities, including but not limited to, taking advantage of powers or influence to affect a transaction, market confusion, commercial bribery, misleading false publicity, infringement of trade secrets, price dumping, illegitimate

premium sale and commercial libel. Any operators who violate the law by engaging in the foregoing unfair competitive activities must be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such operators.

On May 6, 2024, the SAMR published the Interim Measures on Online Anti-unfair Competition (《網絡反不正當競爭暫行規定》), which came into effect on September 1, 2024. These measures have improved the standards and regulatory requirements for various types of online unfair competition behaviors, including the new manifestations of traditional unfair competition behaviors such as counterfeiting, confusion and false advertising, and the new types of unfair competition behaviors conducted through technological means such as reverse bidding manipulation and illegal data acquisition. Regarding platform operators, these measures highlight the platform operators' responsibilities and require platforms operators to strengthen the management of competition behavior within the platform. Necessary measures should be taken to deal with unfair competition behavior within the platform, relevant records should be kept, and timely reports should be made to the market supervision authorities. In addition, these measures prohibit platforms from abusing their competitive advantages to obstruct the normal operation of network products or services of other operators, using service agreements or transaction rules to unreasonably restrict the transactions of operators within the platform, or charging unreasonable service fees to operators within the platform. If a platform operator fails to comply with the requirements of these measures, it may be subject to administrative penalties including rectification orders, fines and orders to suspend operations.

The PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), which was last amended on June 24, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Anti-Monopoly Guidelines for Internet Platforms. Pursuant to an official interpretation from the Anti-monopoly Commission of the State Council, the Anti-Monopoly Guidelines for Internet Platforms mainly cover five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting competition. The Anti-Monopoly Guidelines for Internet Platforms prohibit certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory

collection of unnecessary user data). In addition, the Anti-Monopoly Guidelines for Internet Platforms also reinforce antitrust merger review for internet platform related-transactions to safeguard market competition.

Regulations Relating to Foreign Exchange

Regulation on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations (《外匯管理條例》), which were promulgated by the State Council on January 29, 1996, took effect on April 1, 1996 and were last amended on August 5, 2008, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from SAFE and prior registration with SAFE is made.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Notice No. 59**") promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015, October 10, 2018 and December 30, 2019, respectively, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which was further amended on March 23, 2023. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"), on June 9, 2016 and last amended on December 4, 2023 by the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《關於促進跨境貿易投資便利化的通知》) (the "**Circular 28**"), which, among other things, amend certain provisions of the Circular 19. According to the Circular 19, the Circular 16 and the Circular 28, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope, direct or indirect securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk

rating results of not higher than Grade II), providing loans to non-affiliated enterprises unless otherwise permitted under its business scope or purchasing residential real estate not for self-use (except for enterprises engaging in real estate development and leasing operation). The Circular 28 expressly allows an FIE that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. Violations of these regulations could result in administrative penalties.

On January 26, 2017, the SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《關於進一步推進外匯管理改革完善真實合規性審和的通知》) (the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks must check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities must hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to the Circular 3, domestic entities must make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Dividend Distribution

Under applicable PRC laws and regulations, an FIE in China may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital. With the approval of its shareholders, an FIE may allocate a portion of its after-tax profits based on PRC accounting standards to other reserve funds. These reserve funds are not distributable as cash dividends. In addition, a PRC company cannot distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The SAFE Circular 37 supersedes the Notice on Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents, and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the SAFE Circular 37, (i)

a resident in the PRC must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, PRC resident must update his or her SAFE registration when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

Pursuant to the SAFE Circular Further Simplification and Improvement Foreign Exchange Administration on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated on February 13, 2015, effective on June 1, 2015, and further amended on December 30, 2019, the aforementioned registration must be directly reviewed and handled by qualified banks, and SAFE and its branches must perform indirect regulation over the foreign exchange registration via qualified banks.

Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations on Stock Incentive Plans

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), pursuant to which individuals participating in any stock incentive plan of any overseas publicly listed company who are Chinese citizens or foreign citizens who reside in the PRC for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the agent in the PRC is required to further amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the mainland Chinese agent or the overseas entrusted institution or other material changes. The mainland Chinese agents must, on behalf of the mainland Chinese residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for

the payment of foreign currencies in connection with the mainland Chinese residents' exercise of the employee share options. The foreign exchange proceeds received by the mainland Chinese residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the mainland Chinese agents before distribution to such mainland Chinese residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) promulgated by the SAT and effective from August 24, 2009, listed companies and their domestic organizations must, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

Regulation on Intellectual Property

Copyright and Software Products

On September 7, 1990, the National People's Congress promulgated PRC Copyright Law (《中華人民共和國著作權法》), which was further amended in November 2020 and took effect in June 2021. The PRC Copyright Law provides that Chinese citizens, legal persons, or other organizations must, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. In addition, internet activities, products disseminated over the internet and software products also enjoy copyright. There is a voluntary registration system administered by the China Copyright Protection Center.

In order to further implement the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, which took effect on January 1, 2002, and were amended on January 30, 2013, the State Copyright Bureau issued the Measures for Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) on February 20, 2002 and amended them on June 18, 2004. They apply to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration of China must be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China must grant registration certificates to the computer software copyrights applicants which conform to the provisions of relevant regulations.

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of

dissemination through information networks or are available on any information network without authorization, will be deemed to have infringed upon the right of dissemination through information networks.

Trademarks

Trademarks are protected by the PRC Trademark Law (Revised in 2019) (《中華人民共和國商標法》) promulgated by the National People's Congress on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013, and April 23, 2019, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of the PRC National Intellectual Property Administration, or the Trademark Office, handles trademark registrations and grants a term of 10 years to registered trademarks and another 10 years if requested upon expiry of the first or any renewed 10-year term. A trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. Trademark license agreements should be filed with the Trademark Office or its regional offices.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》), promulgated by MIIT on November 5, 2004 and effective December 20, 2004, which was superseded by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by MIIT on August 24, 2017 and effective November 1, 2017, and Implementation Rules on Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) promulgated by China Internet Network Information Center and effective June 18, 2019. Domain name owners are required to register their domain names and MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names must provide their true, accurate, and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規

範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

Patents

According to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC, which was last amended on October 17, 2020 and took effect on June 1, 2021, and its implementation rules promulgated by the State Council on December 11, 2023 and effective January 20, 2024, the PRC State Intellectual Property Office is responsible for administering patents in China. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The PRC Patent Law and its implementation rules provide for three types of patents: "invention," "utility model," and "design." Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Regulations on Taxes

Enterprise Income Tax

Pursuant to the EIT Law and its implementing rules, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in China should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the SAT on April 22, 2009, which took effect on January 1, 2008, and was last amended on December 29, 2017, sets out the standards and procedures for determining

whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within the PRC.

On July 27, 2011, SAT issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), which came into effect on September 1, 2011 and was last amended on June 15, 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in China or (b) have an establishment or place of business in China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within China. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) ("**Double Tax Avoidance Arrangement**"), entered into on July 19, 2019, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) promulgated and effective on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Based on the Announcement on Recognition of "Beneficial Owner" in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases.

Value-added Tax and Business Tax

According to the Provisional Regulations on Value-added Tax (《增值税暫行條例》) promulgated by the State Council on December 13, 1993 and amended on November 1 2008, January 8, 2011, February 6, 2016, and November 19, 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (《增值税暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993 and amended on December 15, 2008 and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods in China must pay value-added tax.

Pursuant to the PRC Provisional Regulations on Business Tax (《營業税暫行條例》), which took effect on January 1, 1994 and were subsequently amended on November 10, 2008, and their implementation rules, all institutions and individuals providing taxable services, transferring intangible assets, or selling real estate in China must pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the List of Items and Rates of Business Tax attached to the regulations. On November 19, 2017, the regulations in relation to business tax were abolished.

Since January 1, 2012, the Ministry of Finance and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》), which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded it to nationwide application in 2013. According to the implementation circulars released by the Ministry of Finance and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部 國家税務總局關於全面推開營業税改徵增值税試點的通知》), or the SAT Circular 36, promulgated by the Ministry of Finance and SAT and which took effect on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of China are required to pay value-added tax instead of business tax. On March 20, 2019, the Ministry of Finance of the PRC, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) to further slash value-added tax rates. The Announcement on Policies for Deepening the VAT Reform came into effect on April 1, 2019 and prevails in case of any conflict with previous provisions.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law (《增值税法》), which will come into effect on January 1, 2026 and replace the Provisional Regulations on Value-added Tax. According to the Value-added Tax Law, entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT. Taxpayers that sell goods are subject to a tax rate of 13% and taxpayers that sell services or intangible assets are subject to a tax rate of 6%. Unless otherwise provided for in this Law, a taxpayer that makes a taxable transaction shall calculate and pay VAT according to the general tax calculation method, under which the tax amount payable shall be the balance of the output tax for the current period after offsetting against the input tax for the current period.

Regulations Relating to Employment and Social Welfare

The Labor Contract Law

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, which took effect on January 1, 1995 and was last amended on December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, which took effect on January 1, 2008 and was amended on December 28, 2012, and the Implementing Regulations of the Employment Contracts Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and which took effect on September 18, 2008, labor relationships between employers and employees must be executed in written form. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Fund

Under PRC laws, rules and regulations, including the Social Insurance Law (《社會保險法》) promulgated by the SCNPC on October 28, 2010 and which took effect on July 1, 2011, and was amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council and which took effect on January 22, 1999, and were amended on March 24, 2019, and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) promulgated by the State Council and which took effect on April 3, 1999, and were amended on March 24, 2002, and amended on March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

Regulations on Foreign Debts

NDRC registration and report in relation to foreign debts management

On September 14, 2015, the NDRC issued the Notice of the National Development and Reform Commission on Pushing Forth Administrative Reform for Filing and Registration for Issuance of Foreign Debt by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) (the "**NDRC Circular 2044**"), which became effective on the same day.

Effective from February 10, 2023, the NDRC Administrative Measure supersede the NDRC Circular 2044. The NDRC Administrative Measure applies to medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises, denominated in local or foreign currency, and of which principal is repaid with payment of interest as agreed. For the purpose of the NDRC Administrative Measure, the forms of foreign debts include but are not limited to senior bonds, perpetual bonds, capital bonds, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. Before borrowing any foreign debt, the Pre-issuance Certificate shall be obtained from the NDRC, and such certificate shall be valid for one year from the date of issuance and be automatically invalidated upon expiry.

Similar to the requirement under the NDRC Circular 2044, the Company will be required under the NDRC Administrative Measure to notify or cause to be notified the particulars of the issue of the Notes within ten PRC working days after the issue of the Notes. In addition, the Company will also be required, among others, to submit or cause to be submitted relevant information on the Notes within ten PRC working days upon the expiration of the pre-issuance certificate, and to complete or cause to be completed periodic filling of requisite information including use of proceeds, plan and arrangement of payment of interest and principal and the Company's financial indicators within five PRC working days prior to the end of January and July each year. In case of any material circumstance which may adversely affect the performance of the Company's debt obligations, including any potential non-repayment of debts and major asset restructuring, the Company is required to report or cause to be reported relevant information and take risk control measures to prevent spillover of onshore default risk and cross-default risk. Failure to comply with any provision of the NDRC Administrative Measure will subject the Company to regulatory interviews, public reprimands and publication of non-compliance record in public credit systems such as the website of "Credit China" and the national enterprise credit information publicity system.

Directors

Our Board of Directors currently consists of eight directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets out the name, age, and position of our Directors as of the date of this offering memorandum:

Name	Age	Position
Cheng Yixiao	42	Co-founder, Executive Director, Chairman of the Board, Chief Executive Officer
Su Hua	43	Co-founder, Executive Director
Li Zhaohui	50	Non-executive Director
Zhang Fei	52	Non-executive Director
Wang Huiwen	47	Non-executive Director
Huang Sidney Xuande	60	Independent Non-executive Director
Ma Yin	51	Independent Non-executive Director
Lu Rong	54	Independent Non-executive Director

Executive Directors

Cheng Yixiao (程一笑), aged 42, is our co-founder, executive Director, Chairman of the Board and Chief Executive Officer. He is also a member of the Nomination Committee and holds directorship in certain subsidiaries of the Group. Cheng Yixiao is responsible for formulating the Group's long-term strategies, overseeing the management of the business and operations of the Group, including leading the day-to-day operations, supervising product-related matters and strategic investments and acquisitions of the Group.

Prior to founding the Group in 2011, Cheng Yixiao was a software engineer and developer at Hewlett-Packard from August 2007 to July 2009, and worked at Renren Inc. (a company listed on the New York Stock Exchange with stock symbol of RENN) from September 2009 to February 2011. "*GIF Kuaishou*", our original mobile app for users to create and share animated images, was launched by Cheng Yixiao in 2011.

Cheng Yixiao received his bachelor's degree in software engineering from the Software College of Northeastern University in Liaoning Province, the PRC, in July 2007.

Su Hua (宿華), aged 43, is our co-founder and executive Director. He is also a member of the Remuneration Committee and holds directorship in certain subsidiaries of the Group. Su Hua is responsible for contributing long-term value to the Group.

Su Hua joined the Group in November 2013. Prior to that, Su Hua worked as an engineer at Google China from December 2006 to October 2008, and Baidu, Inc. from January 2010 to May 2011.

Su Hua received his bachelor's degree in computer software from the School of Software, Tsinghua University in Beijing, the PRC, in July 2005.

Non-executive Directors

Li Zhaohui (李朝暉), aged 50, is a non-executive Director. He is also a member of the Remuneration Committee. Li Zhaohui joined the Group in March 2017 and is primarily responsible for providing professional advice to the Board.

Li Zhaohui joined Tencent Holdings Limited (a company listed on the Stock Exchange with stock code of 700) in 2011, and currently serves as the managing partner of Tencent Investment and the vice president of Tencent. He was an investment principal at Bertelsmann Asia Investment Fund from September 2008 to May 2010.

Li Zhaohui also holds directorships at various other companies. He has been a non-executive director of KE Holdings Inc. (a company listed on the New York Stock Exchange with stock symbol of BEKE and on the Stock Exchange with stock code of 2423) since December 2018. He has been a non-executive director of Zhihu Inc. (a company listed on the New York Stock Exchange with stock symbol of ZH and on the Stock Exchange with stock code of 2390) since September 2015. He was previously a director of Howbuy Wealth Management Co., Ltd. (a company whose shares are quoted on the National Equities Exchange and Quotations with stock code of 834418) from December 2013 to August 2022, and a non-executive director of Fenbi Ltd. (a company listed on the Stock Exchange with stock code of 2469) from December 2020 to March 2023.

Li Zhaohui received his bachelor's degree in economics (majoring in enterprise management) from Peking University in Beijing, the PRC, in July 1998 and his MBA degree from Duke University Fuqua School of Business in North Carolina, the United States, in May 2004.

Zhang Fei (張斐), aged 52, is a non-executive Director. He is also a member of the Nomination Committee. Zhang Fei joined the Group in February 2014 and is primarily responsible for participating in the formulation of business plans and strategic and major decisions of the Group.

Zhang Fei has over 20 years of venture capital experience, with a focus in the areas of AI/cloud computing, social/digital media and entertainment, and electric vehicle/autonomous driving. He was a partner at Ceyuan Ventures (策源創投) in Beijing from 2004 to 2007, where he set up and managed a venture fund and led investments in multiple portfolios. Since January 2011, Zhang Fei was a partner of 5Y Capital (formerly known as Morningside Venture Capital). Around 2016, he founded and has been a fund manager and the Responsible Officer of Neumann Advisory Hong Kong Limited, a SFC Type 9 licensed corporation. Zhang Fei has been a director of Pony AI Inc. (a company listed on Nasdaq with stock symbol of PONY and on the Stock Exchange with stock code of 2026) since December 2017.

Zhang Fei received his bachelor's degree of engineering in automation and control from the Shanghai Jiao Tong University in Shanghai, the PRC, in July 1994, and his MBA degree from the China Europe International Business School in Shanghai, the PRC, in May 1999.

Wang Huiwen (王慧文), aged 47, is a non-executive Director. Wang Huiwen had been an independent non-executive Director and re-designated as a non-executive Director with effect from May 2023. He joined the Group in February 2021 and is primarily responsible for strategic planning, major business decisions, and corporate governance of the Group.

Wang Huiwen has over 10 years of managerial and operational experience in the internet industry. In December 2005, he co-founded xiaonei.com. xiaonei.com was sold to China InterActive Corp in October 2006, which was later renamed as Renren Inc. (a company listed on the New York Stock Exchange with stock symbol of RENN). In January 2009, he co-founded taofang.com and worked there from June 2008 to October 2010. In 2010, Wang Huiwen co-founded Meituan (a company listed on the Stock Exchange with stock code of 3690) and served as its executive director from October 2015 to March 2023, and served as its non-executive director from March 2023 to June 2023.

Wang Huiwen received his bachelor's degree in electronic engineering from Tsinghua University in Beijing, the PRC, in July 2001.

Independent Non-executive Directors

Huang Sidney Xuande (黃宣德), aged 60, is an independent non-executive Director. He is also the chairman of both Audit Committee and Remuneration Committee, and a member of the Nomination Committee and Corporate Governance Committee. He joined the Group in February 2021 and is primarily responsible for providing independent judgment to the Board.

Huang Sidney Xuande has over 20 years of experience in the technology and internet industry. He is currently a senior advisor of JD.com, Inc. (a company listed on Nasdaq with stock symbol of JD and its secondary listing on the Stock Exchange with stock code of 9618) and was its chief financial officer from September 2013 until his retirement in September 2020.

Huang Sidney Xuande has served as an independent non-executive director of HashKey Holdings Limited (a company listed on the Stock Exchange with stock code of 3887 on December 17, 2025) since December 2025, MIXUE Group (a company listed on the Stock Exchange with stock code of 2097) since December 2023, and Tuya Inc. (a company listed on the New York Stock Exchange with stock symbol of TUYA and on the Stock Exchange with stock code of 2391) since July 2022. He has been an independent director of Yatsen Holding Limited (a company listed on the New York Stock Exchange with stock symbol of YSG) since November 2020.

Huang Sidney Xuande previously served as chief financial officer of VanceInfo Technologies Inc. and its successor company, Pactera Technology International Ltd., from July 2006 to September 2013. He was also the chief operating officer of VanceInfo Technologies Inc. from 2008 to 2010 and the co-president from 2011 to 2012. He also served as chief financial officer at two China-based companies in the technology and internet sectors between August 2004 and March 2006. He was an investment banker at Citigroup Global Markets Inc. in New York from August 2002 to July 2004. He held various positions including audit manager at KPMG LLP from January 1997 to August 2000 and qualified as a Certified Public Accountant in the State of New York in October 1999.

Huang Sidney Xuande is currently a Foundation Fellow and was an Academic Visitor focusing on geoeconomics from October 2021 to September 2022 at St Antony's College of Oxford University in the United Kingdom. He received his bachelor's degree in accounting from Bernard M. Baruch College of The City University of New York in the United States, in February 1997, and his MBA degree from the Kellogg School of Management at Northwestern University in the United States, in June 2002.

Ma Yin (馬寅), aged 51, is an independent non-executive Director. He is also the chairman of both Nomination Committee and Corporate Governance Committee, and a member of the Audit Committee and the Remuneration Committee. He joined the Group in February 2021 and is primarily responsible for providing independent judgment to the Board.

Ma Yin has been the general manager of Aranya Holdings Group Co., Ltd. (阿那亞控股集團有限公司) since February 2014. From April 2006 to September 2013, Ma Yin served various managerial roles at Yeland Group Co., Ltd. (億城集團股份有限公司, subsequently renamed HNA Investment Group Co., Ltd. (海航投資集團股份有限公司) in 2015, and is a company listed on the Shenzhen Stock Exchange with stock code of 000616), including vice president, executive vice president, and president. He was a director of HNA Investment Group Co., Ltd. (海航投資集團股份有限公司) from April 2007 to September 2013.

Ma Yin received his executive MBA degree from Peking University in Beijing, the PRC, in July 2009.

Lu Rong (盧蓉), aged 54, is an independent non-executive Director. She is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. Lu Rong joined the Group in April 2025 and is primarily responsible for providing independent judgment to the Board.

Lu Rong is a venture capitalist investing in technology start-ups in the United States and China. She has been the founder of Atypical Ventures, an early stage venture capital firm, since 2019. In 2006, she co-founded and managed DCM China, a technology venture capital firm. Lu Rong served as a vice president at Goldman Sachs & Co. from 1996 to 2003.

Lu Rong also holds directorships in various listed companies. She has been an independent director of Volvo Car AB (a company listed on Nasdaq Stockholm with stock symbol of VOLCAR-B) since April 2023. She has been a non-executive director of Unilever PLC (a company listed on the London Stock Exchange with stock symbol of ULVR and on the New York Stock Exchange with stock symbol of UL) since November 2021. She has been an independent director of Yum China Holdings, Inc. (a company listed on the New York Stock Exchange with stock symbol of YUMC and on the Stock Exchange with stock code of 9987) since October 2016, and Uxin Limited (a company listed on Nasdaq with stock symbol of UXIN) from October 2017 to May 2025.

Lu Rong received her bachelor's degree in economics from the University of Maryland, Baltimore County in the State of Maryland, the United States in May 1994, and her master's degree in economics from the Johns Hopkins University in the State of Maryland, the United States in May 1996.

Senior Management

The following table sets out the name, age, and position of our senior management as of the date of this offering memorandum:

Name	Age	Position
Cheng Yixiao	42	Co-founder, Executive Director, Chairman of the Board, Chief Executive Officer
Su Hua	43	Co-founder, Executive Director
Jin Bing	48	Chief Financial Officer
Yin Xin	40	Founding Team Member
Yang Yuanxi	41	Founding Team Member

Cheng Yixiao (程一笑), aged 42, is our co-founder, executive Director, Chairman of the Board and Chief Executive Officer. For details, please refer to "Directors and Senior Management — Directors."

Su Hua (宿華), aged 43, is our co-founder and executive Director. For details, please refer to "Directors and Senior Management — Directors."

Jin Bing (金秉), aged 48, is the chief financial officer of the Company. He joined the Group in January 2022 and is primarily responsible for overall finance (accounting, financial management, etc.), internal audit, and capital market activities of the Group.

Jin Bing has strong and diversified financial background and experience. From August 2010 to March 2014, Jin Bing worked at Citi's China Investment Banking Department. From March 2014 to April 2017, Jin Bing served several positions including as the Head of China Technology of Investment Banking and Capital Markets, Asia Pacific, at Credit Suisse, where he worked with many listed and private Chinese technology companies for various financing and mergers and acquisitions transactions. From May 2017 to April 2021, Jin Bing served as the chief financial officer of Joyy Inc. (formerly known as YY Inc., a company listed on Nasdaq with stock symbol of YY). From May 2021 to January 2022, Jin Bing served as the chief financial officer of Zuoyebang. He also previously worked in other areas including consulting and corporate banking.

Jin Bing received his bachelor's degree in English from Beijing Foreign Studies University, the PRC, in June 2000, his master's degree in Pacific International Affairs from the University of California, San Diego, the United States, in June 2004, and his MBA degree from the Wharton School of the University of Pennsylvania, the United States, in May 2010.

Yin Xin (銀鑫), aged 40, is one of the founding team members of the Group. Yin Xin also holds directorship in certain subsidiaries of the Group. He is primarily responsible for centralized procurement, administration, IT center and infrastructure construction of the Group.

Yin Xin joined the Group in 2012. He has been in charge of, among others, server-side research and development, software and hardware architecture, system maintenance, and investment and business proposals. Prior to joining the Group, Yin Xin has accumulated a deep understanding and experience in the technology and internet industry and worked at Renren Inc. (a company listed on the New York Stock Exchange with stock symbol of RENN) from September 2009 to March 2012.

Yin Xin received his bachelor's degree in software engineering in July 2007 and his master's degree in software engineering in July 2009, both from the Northeastern University in Liaoning Province, the PRC.

Yang Yuanxi (楊遠熙), aged 41, is one of the founding team members of the Group. Yang Yuanxi also holds directorship in certain subsidiaries of the Group. He is primarily responsible for corporate social responsibility and content security of the Group.

Yang Yuanxi joined the Group in 2011. He has been in charge of, among others, Android client-side research and development, internal data platform development, business development for user growth, and overseas new product initiatives. Prior to joining the Group, Yang Yuanxi worked at Hewlett-Packard from August 2007 to August 2009. He served at Deke Software (Dalian) Limited Company, a China-based company engaged in internet and technology business, from September 2009 to September 2010. He also worked at Huawei from October 2010 to December 2011.

Yang Yuanxi received his bachelor's degree in computer science and technology from Dalian University of Technology in Liaoning Province, the PRC, in July 2007.

Share Schemes

As of June 30, 2025, we had a total of four share schemes, namely the Pre-IPO ESOP, the Post-IPO Share Option Scheme, the Post-IPO RSU Scheme and the 2023 Share Incentive Scheme.

Pre-IPO ESOP

Pre-IPO ESOP was approved and adopted pursuant to the written resolutions of all the then shareholders dated February 6, 2018. The terms of the Pre-IPO ESOP are not subject to the provisions of Chapter 17 of the Listing Rules. The eligible persons include officers (whether or not a Director) or employees of the Company or any of its affiliates, any member of the Board, any director of one of the Company's affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its affiliates, as determined by the Administrator.

The Pre-IPO ESOP was terminated on February 5, 2021 and the Company did not grant further awards under the Pre-IPO ESOP thereafter, but in all other respects the terms of the Pre-IPO ESOP shall remain in full force and effect and the awards granted prior to the termination shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO ESOP.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved and adopted by all the then shareholders on January 18, 2021. The terms of the Post-IPO Share Option Scheme are governed by Chapter 17 of the Listing Rules. The eligible persons include any individual, being an employee, director,

officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

The Post-IPO Share Option Scheme commenced on February 5, 2021 and was terminated upon the 2023 Share Incentive Scheme becoming unconditional and effective on June 23, 2023. Upon the termination, the Company did not grant further options under the Post-IPO Share Option Scheme, but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect in respect of Options which were granted prior to the termination.

Post-IPO RSU Scheme

The Post-IPO RSU Scheme was approved and adopted by all the then shareholders on January 18, 2021. Save for disclosure requirements under Rules 17.06A, 17.06B, 17.06C, 17.07, 17.07A and 17.09 of the Listing Rules, the Post-IPO RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme was adopted by the Company before January 1, 2023, the effective date of the amended Chapter 17. The eligible persons include any individual, being an employee, Director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

The Post-IPO RSU Scheme commenced on February 5, 2021 and was terminated upon the 2023 Share Incentive Scheme becoming unconditional and effective on June 23, 2023. Upon the termination, the Company did not grant further RSUs under the Post-IPO RSU Scheme, but in all other respects the provisions of the Post-IPO RSU Scheme shall remain in full force and effect in respect of RSUs which were granted prior to the termination.

2023 Share Incentive Scheme

The 2023 Share Incentive Scheme was approved and adopted by the Shareholders on June 16, 2023, which shall be valid and effective for a period of ten years commencing from June 16, 2023. The terms of the 2023 Share Incentive Scheme complied with the provisions of Chapter 17 of the Listing Rules. The purposes of the 2023 Share Incentive Scheme are to recognize and reward eligible participants for their contribution to the Group, to attract and retain best available personnel, and to encourage eligible participants to work towards enhancing the value of the Company and its Shares. The eligible persons include any individuals or corporate entities (where applicable) being an Employee Participant, a Related Entity Participant or a Service Provider.

As of June 30, 2025, no option was granted under the 2023 Share Incentive Scheme, and as of June 30, 2025, the total number of awards available for grant under the scheme mandate limit and the service provider sublimit of 2023 Share Incentive Scheme were 285,563,997 and 21,675,509, respectively.

Compensation of Directors

For more information on the compensation of our Directors, see Note 10(b) of the audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 included in this offering memorandum.

Substantial Shareholders' Interests

In accordance with the archiving notice submitted through the Disclosure of Interests Online (DION) System, as far as the Directors are aware and as of June 30, 2025, the following persons (other than the Directors and chief executive of the Company whose interests have been disclosed below) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest[1]	Number and class of Shares held	Approximate percentage of shareholding of relevant class of Shares[2]
Tencent Holdings Limited[3]	Interest in controlled corporations (L)	678,583,107 Class B Shares	19.07%
Tencent Mobility Limited[3]	Beneficial interest (L)	506,143,854 Class B Shares	14.22%
BlackRock, Inc.[4]	Interest in controlled corporations (L)	178,313,611 Class B Shares	5.01%
	Interest in controlled corporations (S)	4,203,600 Class B Shares	0.12%

Notes:

(1) The letter "L" denotes long position, and the letter "S" denotes short position.

(2) As of June 30, 2025, the Company had 4,286,139,097 issued and outstanding share capital in total, comprising 727,625,379 Class A Shares and 3,558,513,718 Class B Shares.

(3) Tencent Holdings Limited was interested in 678,583,107 Class B Shares through its various subsidiaries or entities controlled by it, including 506,143,854 Class B Shares directly held by Tencent Mobility Limited.

(4) BlackRock, Inc. was interested in 178,313,611 Class B Shares in long position and 4,203,600 Class B Shares in short position through its various subsidiaries or entities controlled by it, which included 175,300 underlying Class B Shares in long position and 3,237,300 underlying Class B Shares in short position through its holding of certain unlisted derivatives (cash settled).

Save as disclosed above, as of June 30, 2025, the Directors were not aware of any person (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 OF Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

Directors' Interests

In accordance with the archiving notice submitted through the Disclosure of Interests Online (DION) System, as far as the Directors are aware and as of June 30, 2025, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which is required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which is required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

(A) Interest in Shares and underlying Shares of the Company

Name of Director or chief executive	Capacity/Nature of interest[1]	Relevant company	Number and class of shares held	Approximate percentage of shareholding of relevant class Shares[2]
Su Hua[3]	Founder and settlor of a trust (L)	Vistra Trust (Singapore) Pte. Limited	388,857,899 Class A Shares	53.44%
			38,611,622 Class B Shares	1.09%
	Founder and settlor of a trust (S)		80,000,000 Class B Shares	2.25%
	Interest in controlled corporations (L)	Reach Best	388,857,899 Class A Shares	53.44%
			38,611,622 Class B Shares	1.09%
	Interest in controlled corporations (S)		80,000,000 Class B Shares	2.25%
	Beneficial interest (L)	—	5,699,103 Class B Shares	0.16%

Name of Director or chief executive	Capacity/Nature of interest[1]	Relevant company	Number and class of shares held	Approximate percentage of shareholding of relevant class Shares[2]
Cheng Yixiao[4]	Founder and settlor of a trust (L)	Vistra Trust (Singapore) Pte. Limited	338,767,480 Class A Shares	46.56%
			43,770,873 Class B Shares	1.23%
	Interest in controlled corporations (L)	Ke Yong	338,767,480 Class A Shares	46.56%
			43,770,873 Class B Shares	1.23%
	Beneficial interest (L)	—	16,246,756 Class B Shares	0.46%
Zhang Fei[5]	Founder of a trust (L)	Trust	26,728,522 Class B Shares	0.75%

Notes:

(1) The letter "L" denotes long position, and the letter "S" denotes short position.

(2) As of June 30, 2025, the Company had 4,286,139,097 issued and outstanding share capital in total, comprising 727,625,379 Class A Shares and 3,558,513,718 Class B Shares.

(3) The entire interest in Reach Best is held by an entity wholly owned by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Su Hua (as settlor) for the benefit of Su Hua and his family. Su Hua is deemed to be interested in the 388,857,899 Class A Shares and 38,611,622 Class B Shares in long position and 80,000,000 Class B Shares in short position held by Reach Best under the SFO. As of June 30, 2025, Su Hua is also deemed to be interested in the 5,699,103 outstanding and unexercised options underlying Class B Shares pursuant to the Pre-IPO ESOP.

(4) The entire interest in Ke Yong is held by an entity wholly owned by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Cheng Yixiao (as settlor) for the benefit of Cheng Yixiao and his family. Cheng Yixiao is deemed to be interested in the 338,767,480 Class A Shares and 43,770,873 Class B Shares held by Ke Yong under the SFO. As of June 30, 2025, Cheng Yixiao is also deemed to be interested in the 16,246,756 outstanding and unexercised options underlying Class B Shares pursuant to the Post-IPO Share Option Scheme.

(5) Zhang Fei is deemed to be interested in the 26,728,522 Class B Shares held by an entity controlled by the trustee of a discretionary trust, of which Zhang Fei is a founder, under the SFO.

(B) Interest in Associated Corporations of the Company

Name of Director or chief executive	Nature of interest[1]	Associated corporations	Amount of registered capital (RMB)	Percentage of shareholding in the associated corporation[2]
Su Hua	Beneficial interest (L)	Hangzhou Youqu[3]	10,000,000	90.00%
		Beijing One Smile[4]	10,000,000	32.32%
Cheng Yixiao	Beneficial interest (L)	Beijing One Smile[4]	10,000,000	25.86%

Notes:

(1) The letter "L" denotes long position.

(2) The calculation is based on the registered capital of Hangzhou Youqu and Beijing One Smile, respectively.

(3) Hangzhou Youqu is a Consolidated Affiliated Entity and is owned as to 90% and 10% by Su Hua and Peng Xiaochun, respectively.

(4) Beijing One Smile is a Consolidated Affiliated Entity and is owned as to (i) 32.32% by Su Hua, (ii) 29.24% by Yang Yuanxi, (iii) 25.86% by Cheng Yixiao, and (iv) 12.58% by Yin Xin.

Save as disclosed above, as far as the Directors are aware and as of June 30, 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

The following discussion describes certain material related party transactions (including connected transactions) between us, our subsidiaries, Consolidated Affiliated Entities, associated companies, key management and other related parties. The related party transactions were carried out in the normal course of business and at terms negotiated. For further information on our related party transactions, see Note 34 to our audited consolidated financial statements as of and for the year ended December 31, 2023, Note 35 to our audited consolidated financial statements as of and for the year ended December 31, 2024, and Note 21 to our unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025, included in this offering memorandum.

Framework Agreements

2023 Marketing and Promotion Services Framework Agreement

On November 21, 2023, our indirect wholly-owned subsidiary, Beijing Dajia (for itself and on behalf of other members of the Group), entered into a framework agreement with Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group (i.e. the group members of Tencent, excluding China Literature Limited, TME Group and their respective subsidiaries and consolidated affiliated entities), pursuant to which the Represented Tencent Group will provide marketing and promotion services to the Group, and the Group will provide marketing and promotion services to the Represented Tencent Group.

On August 20, 2024, Beijing Dajia entered into a supplemental agreement to the 2023 Marketing and Promotion Services Framework Agreement with Tencent Computer to revise the then annual caps for the years ending December 31, 2024, 2025 and 2026.

2023 Cloud Services and Technical Services Framework Agreement

On November 21, 2023, Beijing Dajia (for itself and on behalf of other members of the Group) entered into a framework agreement with Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group), pursuant to which the Represented Tencent Group will provide cloud services and technical services to us for service fees.

On August 20, 2024, Beijing Dajia entered into a supplemental agreement to the 2023 Cloud Services and Technical Services Framework Agreement with Tencent Computer to revise the then annual caps for the years ending December 31, 2024, 2025 and 2026.

2023 Payment Services Framework Agreement

On November 21, 2023, Beijing Dajia (for itself and on behalf of other members of the Group) entered into a framework agreement with Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group), pursuant to which the Represented Tencent Group will provide us with payment services through its payment channels to enable our users to conduct online transactions on our platform.

2023 Game Co-operation Framework Agreement

On November 21, 2023, Beijing Dajia (for itself and on behalf of other members of the Group) entered into a framework agreement with Tencent Computer (for itself and on behalf of other members of the Represented Tencent Group), pursuant to which the Represented Tencent Group (or any third party sub-licensed by the Represented Tencent Group) will publish, operate and/or distribute the games developed, operated and copyrighted by, or legally licensed to us on its platforms, grant us a license to use the game events copyrights of the Represented Tencent Group on internet live streaming and short video platforms we operate, and accept us as a member of the eSports league of the Represented Tencent Group.

Tencent Computer is a subsidiary of Tencent, which is a substantial shareholder of us, and therefore Tencent Computer is a connected person of us.

Contractual Arrangements

Foreign investment activities in the PRC are subject to a variety of laws and regulations, including the 2024 Negative List, which have been promulgated and amended from time to time jointly by the MOFCOM and the NDRC. The 2024 Negative List sets forth the industries in which foreign investment is restricted or prohibited. We mainly operate the following relevant businesses under the contractual arrangements: (i) short video and live streaming; (ii) online advertising facilitation business; (iii) live streaming e-commerce business; and (iv) online games.

The contractual arrangements primarily include the following:

Exclusive Technical Consultation and Service Agreements. As part of the Contractual Arrangements, the PRC Holdcos have entered into the exclusive technical consultation and service agreements (the "**Exclusive Technical Consultation and Service Agreements**") with WFOE, respectively, which contain similar terms and conditions. Pursuant to the Exclusive Technical Consultation and Service Agreements, in exchange for service fees, the PRC Holdcos have agreed to engage WFOE as their respective exclusive provider of certain technical consultation and services.

Exclusive Option Agreements. As part of the Contractual Arrangements, the respective Registered Shareholders have entered into the exclusive option agreements (the "**Exclusive Option Agreements**") with the PRC Holdcos and WFOE, each of which contains similar terms and conditions. Pursuant to the Exclusive Option Agreements, WFOE has the exclusive and irrevocable right to purchase, or designate one or more persons/entities to purchase, from the Registered Shareholders of the PRC Holdcos all or any part of their equity interests in the PRC Holdcos and from the PRC Holdcos all or any part of the assets of the PRC Holdcos at any time in WFOE's absolute discretion in accordance with the provisions of the Exclusive Option Agreements and to the extent permitted by the PRC laws. The consideration in relation to purchasing shares from the Registered Shareholders of the PRC Holdcos shall be RMB1 or the lowest price as permitted by the applicable PRC laws. The consideration in relation to purchasing assets from the PRC Holdcos shall be the lowest price as permitted under the applicable PRC laws.

Equity Pledge Agreements. As part of the Contractual Arrangements, the respective Registered Shareholders have entered into the equity pledge agreements (the "**Equity Pledge Agreements**") with the PRC Holdcos and WFOE, each of which contains similar terms and conditions. Pursuant to the Equity Pledge Agreements, the Registered Shareholders of the PRC Holdcos agreed to pledge all their respective equity interests in the PRC Holdcos that they own, including any interest or dividend paid for the shares, to WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

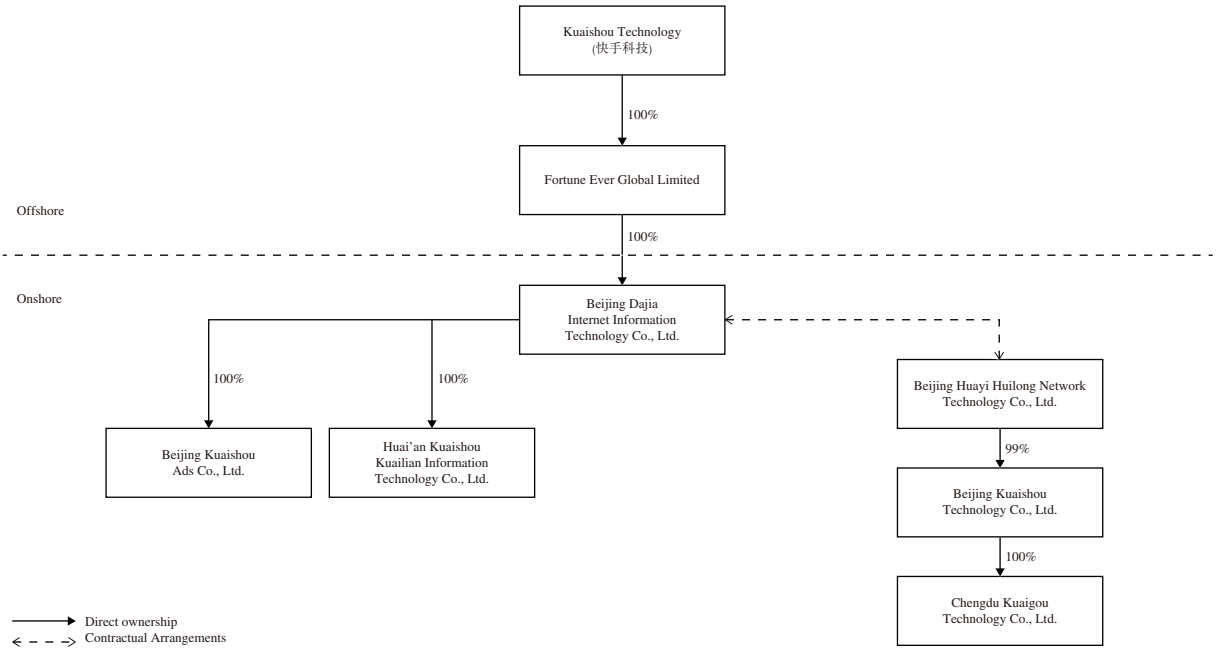
Shareholder Voting Rights Proxy Agreements. The Registered Shareholders of the PRC Holdcos have executed into the shareholder voting rights proxy agreements (the "**Proxy Agreements**"). Under the Proxy Agreements, the Registered Shareholders of the PRC Holdcos irrevocably appointed WFOE and its designated persons (including but not limited to the directors of the holding companies of WFOE and their successors and the liquidators replacing such directors or successors) as their exclusive agent to exercise on their behalf, any and all rights that they have in respect of their equity interests in the PRC Holdcos.

Confirmation from the Registered Shareholders. Each of the Registered Shareholders has confirmed to the effect that (i) his/her interests do not fall within the scope of communal properties, and his/her spouse does not have the right to claim any interests in the respective PRC Holdcos (together with any other interests therein) or exert influence on the day-to-day management and voting matters of the respective PRC Holdcos; and (ii) in the event of his/her death, disappearance, incapacity, divorce, marriage or any other event which causes his/her inability to exercise his/her rights as a shareholder of the respective PRC Holdcos, his/her successors (including his/her spouse) will not take any actions that would affect his/her obligations under the Contractual Arrangements.

Spouse Undertakings. The spouse of the relevant Registered Shareholders, where applicable, has signed amended and restated undertakings to the effect that (i) he/she has no right to or control over such interests of the respective registered shareholder and will not have any claim on such interests; (ii) confirms that the respective spouse may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her; (iii) the respective spouse's interests in the PRC Holdcos (together with any interests therein) do not fall within the scope of communal properties; and (iv) if he/she is transferred any shares held by their spouse for any reason, he/she will be bound by the Contractual Arrangements and will observe obligations as a shareholder of the PRC Holdcos, and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly preformed.

CORPORATE STRUCTURE

The following chart illustrates our structure, including our principal subsidiaries that are material to our business, as of the date of this offering memorandum.



DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following summary of the general information regarding our material indebtedness does not purport to be a complete description of and may not contain all of the information that may be important to prospective investors. Investors should read the audited consolidated financial statements as of and for the year ended December 31, 2023 and 2024 (including but not limited to Note 28 attached thereto) and the unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025 (including but not limited to Note 17 attached thereto) included in this offering memorandum for additional information about our indebtedness.

	Unaudited As of September 30, 2025	
	RMB	*US$*
	(in millions)	
Included in non-current liabilities		
RMB bank borrowings[(1)]	11,098	1,559
Total long-term debt	**11,098**	**1,559**
Included in current liabilities		
USD bank borrowings[(2)]	1,990	280
Total short-term debt	**1,990**	**280**
Total indebtedness[(3)]	**13,088**	**1,839**

Notes:

(1) The RMB bank borrowings are unsecured. Please refer to the "Onshore Financing" section below for further details.

(2) The USD bank borrowings are unsecured. Please refer to the "Offshore Financing" section below for further details.

(3) Total indebtedness equals total short-term debt plus total long-term debt of the Company.

Our total outstanding borrowings amounted to nil, nil, RMB11,100 million and RMB13,088 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

Onshore Financing

As of September 30, 2025, we had RMB11,098 million borrowings at the annual average interest rate of 3.06% (January 2025 to September 2025) which should be repaid by us between June 2027 and October 2027.

Offshore Financing

As of September 30, 2025, we had USD280 million borrowings at the interest rate between 0.8%–0.85% per annum above Term SOFR, which should be repaid by us between December 2025 and August 2026.

All terms defined in this "Description of the Notes" shall have the meanings assigned to them herein and are applicable to this "Description of the Notes" only unless the context otherwise requires. The Notes are to be issued under an indenture (the ***"Indenture"****) to be dated January 22, 2026 (the* ***"closing date"****), among Kuaishou Technology (快手科技) (the* ***"Issuer"****) and Citicorp International Limited, as trustee (the* ***"Trustee"****). Copies of the Notes and the Indenture (i) will be available for inspection by any holder of the Notes on any weekday (excluding public holidays) on or after the closing date at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time)) at the corporate trust office of the Trustee located at Citicorp International Limited, 40/F, Champion Tower, Three Garden Road Central, Hong Kong upon prior written request and proof of holding and identity to the satisfaction of the Trustee or (ii) may be provided by email to any holder of the Notes upon prior written request and proof of holding and identity to the satisfaction of the Trustee, in each case, provided that the Trustee has been supplied with the relevant documents by the Issuer. The following summary of the material terms of the Notes and the Indenture does not purport to be complete and are subject to, and are qualified in its entirety by reference to, the Indenture, including definitions of specified terms used therein. We urge you to read the Indenture because it, and not this description, defines your rights as a beneficial holder of the Notes. Holders are deemed to have notice of all the provisions of the Indenture applicable to them.*

General

The Notes will initially be issued in an aggregate principal amount of CNY3,500,000,000 and will mature on the Interest Payment Date (as defined below) falling on or nearest to January 22, 2031, unless they are redeemed prior to the maturity pursuant to the Indenture and the terms thereof. The Notes will bear interest at the rate of 2.450% per annum. Interest on the Notes will accrue from January 22, 2026 and will be payable semi-annually in arrears on January 22 and July 22 of each year (each an "**Interest Payment Date**"), provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Interest will be payable to the persons in whose names the Notes are registered at the close of business on the Clearing System Business Day (as defined below) immediately preceding the relevant Interest Payment Date, which are referred to as the record dates. At maturity or upon early redemption, the Notes are payable at their principal amount plus premium (if any) plus accrued and unpaid interest thereon. In any case where the payment of principal of, premium (if any) or interest on the Notes is due on a date that is not a Business Day, then payment of principal of, premium (if any) or interest on the Notes, as the case may be, shall be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date that is not a Business Day to such next succeeding Business Day. Interest shall be calculated per

CNY10,000 in principal amount of the Notes and on the basis of a 365-day year and the actual number of days elapsed ("**Actual/365 (Fixed)**"), rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The Notes shall be denominated in minimum principal amounts of CNY1,000,000 and in integral multiples of CNY10,000 in excess thereof. The Notes will be issued in global registered form.

Payments on the Notes; Paying Agent and Registrar

The Issuer will pay principal of, premium, if any, and interest on the Notes by wire transfer (at the expense of the Issuer) in immediately available funds at the office of the CMU Lodging and Paying Agent designated by the Issuer, which initially will be the office of Citicorp International Limited, located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong, except that the Issuer may, when acting as its own paying agent, at its option and expense, pay interest on the Notes by wire transfer or by mailing a check to the registered account of the holder details of which appear in the register of Notes and notify the Trustee and the Registrar accordingly.

Payments of the principal amount of the Notes at maturity or the principal amount (or redemption price) to be prepaid upon redemption or repayment in full, together with accrued interest due at maturity, redemption or repayment, as the case may be, will be made to the registered holder thereof by wire transfer (at the expense of the Issuer) against presentation and surrender of the Notes at the specified office of the Registrar. Any payments of principal of, premium, if any, and interest on the Notes to be made on a date that is not a Business Day need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment.

The Issuer has initially designated Citicorp International Limited (located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong) to act as its CMU lodging agent and paying agent (together, the "**CMU Lodging and Paying Agent**") and transfer agent (the "**Transfer Agent**") and also to act as the notes registrar (the "**Registrar**"). The CMU Lodging and Paying Agent, Transfer Agent and Registrar are each referred to as an "Agent," and together, the "Agents." The Issuer may, however, change the CMU Lodging and Paying Agent, Transfer Agent or Registrar without prior notice to the holders.

Payment of the principal of, premium, if any, and interest on the Notes held through the CMU (defined below) will be credited to the respective accounts of the holders of the Notes with the CMU or its participants, including Euroclear and Clearstream. See "— *Book-Entry; Delivery and Form*" for details.

Ranking

The Notes will constitute senior unsecured obligations of the Issuer. The Notes will rank senior in right of payment to all of the Issuer's existing and future obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of the Issuer's existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's Controlled Entities.

Issuance of Additional Notes

The Issuer may, from time to time, without the consent of the holders of the Notes, issue additional Notes having the same terms and conditions as the previously outstanding Notes in all respects (or in all respects except for the issue date, the issue price and the first interest payment date) (the "**Additional Notes**"). Additional Notes issued in this manner may be consolidated with the previously outstanding Notes to constitute a single series of the Notes. We will not issue any Additional Notes with the same CMU Instrument No., ISIN, Common Code or other identifying number as the outstanding Notes unless the Additional Notes are fungible with the outstanding Notes.

Optional Redemption

The Issuer may, at the Issuer's option, at any time upon giving not less than 10 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable), the Trustee and the Agents, redeem the Notes at any time prior to December 22, 2030, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; and

- the make-whole amount, which means the amount determined on the fifth Business Day before the redemption date equal to the sum of (i) the present value of the principal amount of the Notes to be redeemed, assuming a scheduled repayment thereof on the stated maturity date, plus (ii) the present value of the remaining scheduled payments of interest to and including the stated maturity date (exclusive of interest accrued to, but not including, the redemption date), in each case discounted to the redemption date on a semi-annual basis (Actual/365 (Fixed)) at the Comparable Government Bond Rate plus 15 basis points,

plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the redemption date; provided that the principal amount of a Note remaining outstanding after redemption in part shall be CNY1,000,000 or an integral multiple of CNY10,000 in excess thereof.

The Issuer may, at the Issuer's option, at any time upon giving not less than 10 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable), the Trustee and the Agents, redeem the Notes at any time on or after December 22, 2030, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the date of redemption; provided that the principal amount of the Notes remaining outstanding after redemption in part shall be CNY1,000,000 or an integral multiple of CNY10,000 in excess thereof.

The notice of redemption will be mailed at least 10 but not more than 60 days before the redemption date to the Trustee, the Agents and each holder of record of the Notes to be redeemed at its registered address. The notice of redemption for the Notes will state, among other things, the outstanding principal amount of Notes to be redeemed, the redemption date, the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. Unless we default in the payment of the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows: (i) if the Notes are held through the CMU, then by lot (by drawing) in compliance with the requirements of the CMU, or (ii) if the Notes are not held through the CMU, then pro rata, by lot or such other method as the Trustee shall deem to be fair and appropriate in its sole and absolute discretion or as otherwise required by applicable law.

The Trustee and the Agents shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the holders for any loss arising from any failure by it to do. The Issuer's actions and determinations in respect of any redemption including redemption price shall be conclusive and binding for all purposes, absent manifest error. Neither the Trustee nor any of the Agents shall be responsible for the calculation or verifying the calculations of any amount payable under any notice of redemption hereunder (including any make-whole amount) and shall not be responsible to the holders for any loss arising from any failure by it to do so.

Tax Redemption

The Issuer may, at the Issuer's option, redeem the Notes at any time, in whole but not in part, upon written notice as described below, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, if (i) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (or, in the case of Additional Amounts payable by a successor Person

to the Issuer, the applicable Successor Jurisdiction), or any change in the official application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the issue date of the Notes (or, in the case of Additional Amounts payable by a successor Person to the Issuer that is not organized or tax resident in a jurisdiction that was already a Relevant Jurisdiction prior to the date of succession, after the date on which such successor Person to the Issuer became a successor Person to the Issuer pursuant to the applicable provisions of the Indenture) (a "**Tax Change**"), the Issuer or any such successor Person to the Issuer is, or would be, obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of such Notes and (ii) such obligation cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it, provided that changing the Issuer's or such successor Person's jurisdiction is not a reasonable measure for purposes of this section.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or any such successor Person to the Issuer shall deliver to the Trustee and the Agents (i) a notice of such redemption election, (ii) an opinion of external legal counsel or an opinion of an independent tax consultant to the effect that the Issuer or any such successor Person to the Issuer is, or would become, obligated to pay such Additional Amounts as the result of a Tax Change and (iii) an officers' certificate from the Issuer or any such successor Person to the Issuer, stating that such amendment or change has occurred, and stating that such requirement cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it. The Trustee and the Agents shall be entitled to rely conclusively without any liability to any person upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the relevant holders.

Notice of redemption of the Notes as provided above shall be given to the holders, the Trustee and the Agents not less than 10 nor more than 60 days prior to the date fixed for redemption. Notice having been given, the Notes shall become due and payable on the date fixed for redemption and will be paid at the redemption price, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, at the place or places of payment and in the manner specified in the Notes. From and after the redemption date, if moneys for the redemption of such Notes shall have been made available as provided in the Indenture for redemption on the redemption date, the Notes shall cease to bear interest, and the only right of the holders of such Notes shall be to receive payment of the redemption price and accrued and unpaid interest, if any, to, but not including, the date fixed for redemption.

Repurchase Upon Triggering Event

If a Triggering Event occurs, unless the Issuer has exercised its right to redeem the Notes as described under the heading "*Tax Redemption*" or under the heading "*Optional Redemption*" above, the Issuer will be required to make an offer to repurchase all or, at the holder's option, any part (equal to CNY1,000,000 or multiples of CNY10,000 in excess thereof), of each holder's Notes pursuant to the offer described below (the "**Triggering Event Offer**") on the terms set forth in the Indenture and the Notes. In the Triggering Event Offer, the Issuer will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the "**Triggering Event Payment**").

Within 30 days following a Triggering Event, the Issuer will be required to mail a notice to holders of the Notes, with a copy to the Trustee and the Agents, describing the transaction or transactions that constitute the Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed (the "**Triggering Event Payment Date**"), pursuant to the procedures required by the Notes and described in such notice.

On the Triggering Event Payment Date, the Issuer will be required, to the extent lawful, to:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Triggering Event Offer;

- deposit with a tender agent one Business Day prior to the Triggering Event Payment Date an amount of cash in Renminbi equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered; and

- deliver or cause to be delivered to the Registrar the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being repurchased by the Issuer.

The tender agent as appointed by the Issuer will be required to promptly mail a check or transfer by wire (in the case of the Notes held in global registered form, to the relevant account holders in the CMU, or to the CMU Operator who will make payments to each CMU participant, as the tender agent sees fit), to each holder who properly tendered the Notes, the purchase price for such Notes properly tendered, and in the case of the Notes held in definitive form, the Trustee or Registrar, as the case may be, will as soon as reasonably practicable authenticate and mail to each such holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of CNY1,000,000

or a multiple of CNY10,000 in excess thereof. In the case of the Notes held in global registered form, the Trustee or Registrar, as the case may be, will as soon as reasonably practicable, annotate the authenticated global note with a reduced principal amount and notify the CMU Operator to this effect.

The Issuer will not be required to make a Triggering Event Offer upon a Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Issuer will be required to make a Triggering Event Offer treating the date of such termination or default as though it were the date of the Triggering Event.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws and regulations thereunder in connection with the repurchase of the Notes as a result of a Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Triggering Event Offer provisions of the Notes, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Triggering Event Offer provisions of the Notes by virtue of any such conflict.

There can be no assurance that the Issuer will have sufficient funds available at the time of a Triggering Event to consummate a Triggering Event Offer for all Notes then outstanding (or all Notes properly tendered by the holders of such Notes) and pay the Triggering Event Payment. The Issuer may also be prohibited by terms of other indebtedness or agreements from repurchasing the Notes upon a Triggering Event, which would require the Issuer to repay the relevant indebtedness or terminate the relevant agreement before it can proceed with a Triggering Event Offer, and there can be no assurance that it will be able to effect such repayment or termination.

Neither the Trustee nor any Agent shall be required to monitor or take any steps to ascertain whether a Triggering Event, or any event which could lead to a Triggering Event, or any condition for the exercise of the rights herein has occurred and they shall not be liable to any persons for any failure to do so. The Trustee and the Agents shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer.

Payment of Additional Amounts

All payments of principal, premium (if any) and interest made by the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments, levies or other governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Cayman Islands, Hong Kong, the PRC or any jurisdiction where the Issuer or the paying agent are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, including any

political subdivision or any authority therein or thereof having power to tax) (the "**Relevant Jurisdiction**"), unless such withholding or deduction of such Taxes is required by law, or by regulation or governmental policy having the force of law, as interpreted and enforced by the relevant authority. If such withholding or deduction is so required, the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by each holder of any Notes of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts shall be payable:

(i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the holder or beneficial owner of a Note and the Relevant Jurisdiction other than merely holding such Note or receiving principal, premium (if any) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein);

(ii) in respect of any Note presented for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any Note means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for;

(iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner of a Note to comply with a timely request by the Issuer addressed to the holder to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder;

(iv) in respect of any Taxes imposed as a result of a Note being presented for payment (where presentation is required) in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(v) in respect of any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(vi) to any holder of a Note that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof;

(vii) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended, and current or future U.S. Treasury regulations thereunder ("**FATCA**"), any agreement with the Internal Revenue Service implementing or relating to FATCA, any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or any intergovernmental agreement with respect thereto;

(viii) any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note; or

(ix) any combination of Taxes referred to in the preceding items (i) through (viii) above.

In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect thereto, at least 10 Business Days prior to each date of payment of principal of, premium (if any) or interest on the Notes (unless the obligation to pay Additional Amounts arises after the 10th day prior to that payment date, in which case the Issuer will notify the Trustee and the CMU Lodging and Paying Agent promptly thereafter), the Issuer will furnish to the Trustee and the CMU Lodging and Paying Agent, if other than the Trustee, an officers' certificate specifying the amount required to be withheld or deducted on such payments to such holders, certifying that the Issuer shall pay such amounts required to be withheld to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to each holder, and that the Issuer will pay to the Trustee or the CMU Lodging and Paying Agent the Additional Amounts required to be paid; provided that no such officers' certificate will be required prior to any date of payment of principal of, premium (if any) or interest on such Notes if there has been no change with respect to the matters set forth in a prior officers' certificate. The Trustee and the CMU Lodging and Paying Agent shall be entitled to rely on the fact that any officers' certificate contemplated by this paragraph has not been furnished as conclusive evidence of the fact that no withholding or deduction for or on account of any Taxes is required. The Issuer covenants to indemnify the Trustee and the CMU Lodging and Paying Agent for and to hold them harmless against any loss, liability or incurred expense without fraud, gross negligence or willful default on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such officers' certificate furnished pursuant to this paragraph or on the fact that any officers' certificate contemplated by this paragraph has not been

furnished. If such a deduction or withholding is required, the CMU Lodging and Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the CMU Lodging and Paying Agent or the Trustee in advance of the scheduled payment.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indenture, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture.

The foregoing provisions shall apply in the same manner with respect to the jurisdiction in which any successor Person to the Issuer or its paying agent is organized or resident for tax purposes or any authority therein or thereof having the power to tax (a "**Successor Jurisdiction**"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

The Issuer's obligation to make payments of Additional Amounts under the terms and conditions described above will survive any termination, defeasance or discharge of the Indenture.

Open Market Purchases

The Issuer or any of its Controlled Entities may, in accordance with all applicable laws and regulations, at any time purchase the Notes issued under the Indenture in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the Indenture. The Notes so purchased, while held by or on behalf of the Issuer or any of its Controlled Entities, shall not be deemed to be outstanding for the purposes of determining whether the holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

Modification and Waiver

The Indenture contains provisions permitting the Issuer, the Trustee and the Agents, without the consent of the holders of the Notes, to execute supplemental indentures for certain enumerated purposes in the Indenture and, with the written consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the Indenture, to add, change, eliminate or modify in any way the provisions of the Indenture or any supplemental indentures or to change or modify in any manner the rights of the holders of such Notes. The Issuer, the Trustee and the Agents may not, however, without the consent of each holder of the Notes affected thereby:

(i) change the Stated Maturity of any Note;

(ii) reduce the principal amount of, payments of premium or interest on or stated time for payment of premium or interest on any Note;

(iii) change any obligation of the Issuer to pay Additional Amounts with respect to any Note;

(iv) change the currency of payment of the principal of, premium (if any) or interest on any Note;

(v) impair the right to institute suit for the enforcement of any payment due on or with respect to any Note;

(vi) reduce the above stated percentage of outstanding Notes necessary to modify or amend the Indenture;

(vii) reduce the percentage of the aggregate principal amount of outstanding Notes necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(viii) modify the provisions of the Indenture with respect to modification and waiver;

(ix) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the holders of such Notes;

(x) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which such Notes may be redeemed or repurchased as described above under "— *Tax Redemption*"; or

(xi) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which any such Notes may be redeemed or repurchased as described above under "— *Optional Redemption*" or "— *Repurchase Upon Triggering Event*" whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except through amendments to the definition of "**Triggering Event**").

The holders of not less than a majority in aggregate principal amount of the Notes then outstanding may on behalf of all holders of the Notes waive any existing or past Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default (i) in the payment of principal of, premium (if any) or interest on (or Additional Amount payable in respect of) the Notes then outstanding, in which event the consent of all holders of the Notes then outstanding affected thereby is required, or (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of

each Note then outstanding affected thereby. Any such waivers will be conclusive and binding on all holders of the Notes, whether or not they have given consent to such waivers, and on all future holders of such Notes, whether or not notation of such waivers is made upon such Notes. Any instrument given by or on behalf of any holder of the Notes in connection with any consent to any such waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Notes.

Notwithstanding the foregoing, without the consent of any holder of the Note, the Issuer, the Trustee and the Agents may amend the Indenture and the relevant Notes to, among other things:

(i) cure any ambiguity, omission, defect or inconsistency contained in the Indenture or in any supplemental indenture; provided, however, that such amendment does not materially and adversely affect the rights of holders;

(ii) in the case of a merger or consolidation, evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by such successor of the covenants and obligations of the Issuer contained in the Notes and in the Indenture or any supplemental indenture;

(iii) comply with the rules or the procedures of the CMU or CMU Operator or any applicable depositary or clearing systems;

(iv) secure the Notes;

(v) add to the covenants and agreements of the Issuer, to be observed thereafter and during the period, if any, in such supplemental indenture or indentures expressed, and to add Events of Default, in each case for the protection or benefit of the holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(vi) make any change in the Notes that does not adversely affect the legal rights under the Indenture of any holder of such Notes in any material respect;

(vii) evidence and provide for the acceptance of an appointment under the Indenture of a successor trustee; provided that the successor trustee is otherwise qualified and eligible to act as such under the terms thereof;

(viii) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, but not limited to, facilitating the issuance and administration of the Notes or, if incurred in compliance with the Indenture, Additional Notes; provided, however, that (A) compliance with the

Indenture as so amended would not result in the Notes being transferred in violation of any applicable securities law and (B) such amendment does not materially and adversely affect the rights of holders to transfer Notes;

(ix) change or eliminate any of the provisions of the Indenture; provided that any such change or elimination shall become effective only when there is no outstanding Note created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision and as to which such supplemental indenture would apply;

(x) add guarantors or co-obligors with respect to the Notes;

(xi) establish the form and terms of Notes as permitted under the Indenture, or to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture, or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Note, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed; or

(xii) conform the text of the Indenture or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture or the Notes as evidenced by an officers' certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.

Limitation on Liens

So long as any Note remains outstanding, the Issuer will not create or have outstanding, and will ensure that none of its Principal Controlled Entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) securing any Relevant Indebtedness or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of the Issuer or of any of its Principal Controlled Entities, without (i) at the same time or prior thereto securing or

guaranteeing the Notes equally and ratably therewith or (ii) providing such other security or guarantee for the Notes as shall be approved by an act of the holders of the Notes holding at least a majority of the principal amount of the Notes then outstanding.

The foregoing restriction will not apply to:

(i) any Lien, guarantee or indemnity arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Lien, guarantee or indemnity in respect of the obligations of any Person which becomes a Principal Controlled Entity or which merges with or into the Issuer or a Principal Controlled Entity after the date of the Indenture which is in existence at the date on which it becomes a Principal Controlled Entity of the Issuer or merges with or into the Issuer or a Principal Controlled Entity; provided that any such Lien was not incurred in anticipation of such acquisition or of such Person becoming a Principal Controlled Entity or being merged with or into the Issuer or a Principal Controlled Entity;

(iii) any Lien, guarantee or indemnity created or outstanding in favor of the Issuer or any Lien, guarantee or indemnity created by any of its Controlled Entities in favor of any of its other Controlled Entities;

(iv) any Lien, guarantee or indemnity in respect of Relevant Indebtedness of the Issuer or any Principal Controlled Entity with respect to which the Issuer or such Principal Controlled Entity has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Issuer or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); or

(v) any Lien, guarantee or indemnity arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien permitted by the foregoing clause (ii) or this clause (v); provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding) and is not secured by any additional property or assets.

Consolidation, Merger, and Sale of Assets

The Issuer may not, directly or indirectly, consolidate with or merge into any other Person in a transaction or a series of transactions in which the Issuer is not the surviving entity, or convey, transfer, or lease its properties and assets substantially as an entirety to, any Person unless:

(i) the Issuer shall be the continuing Person or, if it is not the continuing Person, any Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the Cayman Islands or Hong Kong;

(ii) such Person expressly assumes by an indenture supplemental to the Indenture all of the Issuer's obligations under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes, delivered to the Trustee and in form and substance reasonably satisfactory to the Trustee;

(iii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iv) the Issuer has delivered to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indenture and that all conditions precedent therein relating to such transaction have been complied with.

Payments for Consent

The Issuer will not, and will not permit any of the Issuer's Controlled Entities to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that so consent, waive or agree to amend in the timeframe set forth in the solicitation documents relating to such consent, waiver or amendment.

NDRC Post-Issuance Filing

The Issuer will notify the Trustee if it does not file or cause to be filed with the National Development and Reform Commission of the PRC (the "**NDRC**") the requisite information and documents required to be filed with the NDRC within the time period prescribed by the NDRC after the closing date in accordance with the Approval and Registration Certificate of Enterprise Borrowing Foreign Debt issued by the NDRC on March 24, 2025 pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)), and any implementation rules as issued by the NDRC as in effect at such time (the "**Post-Issuance Filing**"). Such notification to the Trustee will be made within 10 PRC Business Days after such failure to complete the Post-Issuance Filing.

The Trustee or any Agent shall have no obligation or duty to monitor or ensure or to assist with the Post-Issuance Filing on or before the relevant deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and/or the relevant documents evidencing the Post-Issuance Filing or to give notice to the holders confirming the completion of the Post-Issuance Filing, and shall not be liable to holders or any other person for not doing so.

Events of Default

Under the terms of the Indenture, each of the following constitutes an Event of Default for the Notes:

(i) failure to pay principal or premium in respect of any Notes by the due date for such payment;

(ii) failure to pay interest on any Notes within 30 days after the due date for such payment;

(iii) the Issuer defaults in the performance of or breach its obligations under the "— *Consolidation, Merger, and Sale of Assets*" covenant;

(iv) the Issuer defaults in the performance of or breach any covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (i), (ii) or (iii) above) and such default or breach continues for a period of 90 consecutive calendar days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(v) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (2) a decree or order adjudging the Issuer or any of the Issuer's Principal Controlled Entities bankrupt or insolvent, or approving as final and non-appealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days;

(vi) the commencement by the Issuer or any of the Issuer's Principal Controlled Entities of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the entry of a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or any of the Issuer's Principal Controlled Entity, or the filing by the Issuer or any of the Issuer's Principal Controlled Entity of a petition or answer or consent seeking reorganization or relief with respect to the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the making by the Issuer or any of the Issuer's Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by the Issuer or any of the Issuer's Principal Controlled Entities in

writing of their inability to pay the debts generally as they become due, or the taking of corporate action by the Issuer or any of the Issuer's Principal Controlled Entities that resolves to commence any such action; and

(vii) the Notes or the Indenture are or become or are claimed by the Issuer to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indenture.

However, a default under clause (iv) of the preceding paragraph will not constitute an Event of Default until the Trustee or the holders of 25% or more in aggregate principal amount of the Notes then outstanding provide written notice to the Issuer of the default and the Issuer does not cure such default within the time specified in clause (iv) of the preceding paragraph after receipt of such written notice.

If an Event of Default (other than an Event of Default described in clauses (v) and (vi) above) shall occur and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the holders) as provided in the Indenture, may, and the Trustee shall, upon instructions from holders of at least 25% in aggregate principal amount of the Notes then outstanding and subject to receipt of pre-funding and/or security and/or indemnity to its satisfaction, declare the unpaid principal amount of such Notes and any accrued and unpaid interest and premium (if any) thereon (and any Additional Amount payable in respect thereof) to be due and payable immediately upon receipt of such notice. If an Event of Default in clause (v) or (vi) above shall occur, the unpaid principal amount of all the Notes then outstanding and any accrued and unpaid interest thereon will automatically, and without any declaration or other action by the Trustee or any holder of such Notes, become immediately due and payable. After a declaration of acceleration but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of at least a majority in aggregate principal amount of the Notes then outstanding may, under certain circumstances, rescind and annul such acceleration if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium, if any, or interest on such Notes that became due solely because of the acceleration of such Notes, have been cured or waived. For information as to waiver of defaults, see "— *Modification and Waiver*."

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of the trusts or powers vested in it by the Indenture or enforce any provisions of the Indenture at the request, order or direction of any of the holders of Notes, unless the requisite number of holders shall have instructed the Trustee in writing and offered to the Trustee pre-funding and/or security and/or indemnity satisfactory to it against the costs, expenses, and liabilities which may be incurred therein or thereby. Subject to certain provisions, including those requiring pre-funding and/or security and/or indemnification of the Trustee, the holders of a majority in aggregate

principal amount of the Notes then outstanding will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. No holder of any Note will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the holders of at least 25% in aggregate principal amount of the Notes then outstanding have made written request to the Trustee to institute such proceeding, (iii) such holder or holders have offered pre-funding and/or security and/or indemnity satisfactory to the Trustee and (iv) the Trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the Notes then outstanding a written direction inconsistent with such request, within 60 days after such notice, request, and offer. However, such limitations do not apply to a suit instituted by a holder of a Note for the enforcement of the right to receive payment of the principal of, premium (if any) or interest on such Note on or after the applicable due date specified in such Note. The Trustee may refuse to follow any direction that conflicts with the law, regulation or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders not joining in the giving such direction received from such holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

The Trustee and the Agents shall not be required to take any steps to monitor or ascertain whether an Event of Default or any event which could lead to the occurrence of an Event of Default has occurred or may occur, and will not be responsible to holders of the Notes or any other person for any loss arising from any failure by it to do so. The Trustee or the Agents shall be entitled to assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Notes until they have received written notice to the contrary from the Issuer. The Trustee is entitled to rely conclusively without any liability to any person on any opinion of counsel or officers' certificate regarding whether an Event of Default has occurred.

Legal Defeasance and Covenant Defeasance

The Indenture will provide that the Issuer may at its option and at any time elect to have all of its obligations discharged with respect to the outstanding Notes ("**Legal Defeasance**") except for:

(i) the rights of holders of the Notes that are then outstanding to receive payments in respect of the principal of, or interest or premium on such Notes when such payments are due from the trust referred to below;

(ii) the Issuer's obligations with respect to the Notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the rights, powers, trusts, duties and immunities of the Trustee and Agents for the Notes, and the Issuer's obligations in connection therewith; and

(iv) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the Indenture for the Notes.

The Indenture will provide that, the Issuer may, at its option and at any time, elect to have its obligations with respect to the outstanding Notes released with respect to certain covenants (including their obligations under the headings "*Consolidation, Merger, and Sale of Assets*" and "*Payment of Additional Amounts*") that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption "— *Events of Default*" will no longer constitute an Event of Default.

The Indenture will also provide that, in order to exercise either Legal Defeasance or Covenant Defeasance:

(i) the Issuer must irrevocably deposit with the Trustee or the CMU Lodging and Paying Agent, in trust, for the benefit of the holders of all Notes subject to Legal Defeasance or Covenant Defeasance, cash in Renminbi, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal of, or interest and premium on such Notes that are then outstanding on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(ii) no Default or Event of Default with respect to the Notes must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(iii) the Issuer must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding such creditors or others; and

(iv) the Issuer must deliver to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect with respect to Notes when:

(i) either:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee or Registrar for cancellation; or

(2) all Notes that have not been delivered to the Trustee or Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or its agent) as trust funds in trust solely for the benefit of the holders of the Notes, cash in Renminbi, in amounts as will be sufficient (in the case of a deposit not entirely in cash, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants), without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such Notes not delivered to the Trustee or Registrar for cancellation for principal, premium and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default under the Indenture has occurred and is continuing with respect to the Notes on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;

(iii) the Issuer has paid or caused to be paid all sums payable by it under the Indenture with respect to the Notes; and

(iv) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer shall deliver an officers' certificate and an opinion of external legal counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied. The Trustee shall not be liable to any person for interest on any sums held by it under this "*Description of the Notes*" and the Indenture.

No Sinking Fund

The Notes will not be subject to, nor entitled to the benefit of, any sinking fund.

Book-Entry; Delivery and Form

The Notes will initially be represented by a global note in registered form substantially in the form scheduled to the Indenture.

The global note will be registered in the name of, and lodged with a sub-custodian for, the HKMA (defined below) as operator (the "**CMU Operator**") of the CMU, and will be exchangeable for definitive Notes in registered certificated form ("**Certificated Notes**") only in the following circumstances:

(i) the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar through which the Notes are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), or announces an intention permanently to cease business or does in fact do so; or

(ii) an event of default with respect to the Notes will have occurred and be continuing and a holder requests the Issuer to issue a Certificated Note.

Except in the limited circumstances described in the global note, owners of interests in the Notes represented by the global note will not be entitled to receive Certificated Notes in respect of their individual holdings of the Notes. The Notes are not issuable in bearer form.

For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**"), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator.

Unless and until exchanged in whole or in part for Certificated Notes, each person who is for the time being shown in the records of the CMU Operator as the holder of a particular principal amount of Notes (each such person, an "**account holder**"), in which regard any certificate or other documents issued by the CMU Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Notes, the right to which shall be vested, as against the Issuer, the Trustee, the Agents and the CMU Operator solely in the registered holder of the global note in accordance with and subject to its terms. Notwithstanding the above, if the global note is held by or on behalf of the CMU Operator, any payments that are made in respect of the Notes evidenced by the global note shall be made to the respective account holders.

For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, the CMU Lodging and Paying Agent will make payments of interest, premium (if any) or principal to the CMU Operator who will make payment to the person(s) (each, a "**CMU participant**") for whose account(s) at the close of business on the Clearing System Business Day immediately before the due date for payment (as shown in the records of the CMU Operator as the holder of a particular principal amount of Notes) a relevant interest in the global note is credited as being held with the CMU in accordance with the CMU Rules at the relevant time. Such payment made in accordance thereof shall discharge the Issuer's obligations in respect of that payment.

Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the holders of the Notes, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the global note shall be required for such purpose.

For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, any transfer of interests in the Notes shall be effected in accordance with the rules and procedures for the time being of the CMU Operator or the relevant clearing systems.

For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, any notices to holders of the Notes shall be given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant account holder in substitution for electronic delivery or mailing to the holders as required under "— Notice", and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes in the form of interests in the global note) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Concerning the Trustee and Agents

The Trustee under the Indenture is Citicorp International Limited which will also be initially designated by the Issuer as notes registrar, CMU Lodging and Paying Agent and transfer agent for the Notes (the CMU Lodging and Paying Agent, transfer agent and the notes registrar, collectively the "**Agents**"). The corporate trust office of the Trustee is currently located at 40/F, Champion Tower, Three Garden Road, Central, Hong Kong.

The Indenture provides that the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture or the Notes, and no implied duties, covenants or obligations will be read into the Indenture, the Notes, or the agent appointment letter with respect to the Trustee and Agents. If an Event of Default has occurred and is continuing, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee and the Agents will have no duty to monitor the performance or compliance in the fulfillment of the Issuer's obligations under the Indenture or to verify the accuracy, validity and/or genuineness of certain facts, documents, reports or calculations notified or furnished to them. Whenever the Trustee shall have discretion or permissive power in accordance with the Indenture, the Notes or the law, the Trustee may decline to exercise the same in the absence of approval by the requisite number of holders and shall have no obligation to exercise the same unless the requisite number of holders instructed the Trustee in writing and the Trustee has received pre-funding and/or been indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims, actions or demands to which it may render itself liable and all fees, costs, damages, charges, expenses, and liabilities which it may incur by so doing. The Trustee and the Agents shall in no event be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from their exercise or non-exercise of any rights or powers conferred to it under the Indenture for the benefit of holders of the Notes, including any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit, goodwill or opportunity), whether or not foreseeable, even if the Trustee has been advised of the possibility of such loss or damage and regardless of the form of action.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee or any of the Agents may become the owner or pledgee of the Notes with the same rights it would have if it were not the Trustee or an Agent and may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or an Agent. Subject to the terms of the Indenture, the Trustee and entities associated with the Trustee will be permitted to engage in other transactions or contractual relationships with the Issuer and its affiliates including normal banking and trustee relationships, and can profit therefrom without being obliged to account for such profit; and the Trustee shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and such other parties. The Trustee may have interest in, or may be providing, or may in the future provide financial services to other parties. Without prejudice to the foregoing, the Trustee is permitted to deal (whether on their own or their customers' account) in, or advise on, securities of such other customers and that such dealing or giving of advice will not constitute a conflict of interest for the purposes of the Notes or the Indenture.

Furthermore, each holder of the Notes, by accepting the Notes will agree, for the benefit of the Trustee and Agents, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee or the Agents in respect of such risks.

Currency Indemnity

To the fullest extent permitted by law, the Issuer's obligations to any holder of Notes under the Indenture or the Notes shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than Renminbi (the "**Agreement Currency**"), be discharged only to the extent that on the Business Day following receipt by such holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such holder or the Trustee, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder or the Trustee, as the case may be, in the Agreement Currency, the Issuer agrees, as a separate obligation and notwithstanding such judgment, to pay the difference and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder or the Trustee, such holder or the Trustee, as the case may be, agrees to pay to or for their respective account such excess, provided that such holder or the Trustee shall not have any obligation to pay any such excess as long as a Default by the Issuer in its obligations under the Indenture or the Notes has occurred and is continuing, in which case such excess may be applied by such holder or the Trustee to such obligations.

Notices

Notices to holders of Notes will be sent electronically or mailed to them (or the first named of joint holders) by first class mail (or, if first class mail is unavailable, by airmail), at their respective addresses in the register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or public holiday) after the date of mailing. Notices and other communications may also be sent via electronic means in accordance with the terms of the Indenture.

For so long as any of the Notes are represented by the global note and the global note is held by or on behalf of the CMU Operator, any notices to holders of the Notes shall be given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant account holder in substitution for electronic delivery or mailing to the holders as required above, and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes in the form of interests in the global note) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Governing Law and Consent to Jurisdiction

The Indenture and the Notes will be governed by and will be construed in accordance with the laws of the State of New York. The Issuer has agreed that any action arising out of or based upon the Indenture may be instituted in any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York, and has irrevocably and unconditionally submitted to the non-exclusive jurisdiction of any such court in any such action. The Issuer has appointed Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168, United States, as its agent upon which process may be served in any such action.

The Issuer has agreed that, to the extent that the Issuer is or becomes entitled to any sovereign or other immunity, it will waive such immunity in respect of its obligations under the Indenture.

Certain Definitions

Set forth below are definitions of certain of the terms used herein. Additional terms are defined elsewhere above or in the Indenture.

"business day" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong.

"Business Day" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong and (if presentation and surrender of the relevant Notes is required) in the city where the relevant paying agent is located, and if the Notes are in global form and held by or on behalf of the CMU Operator, on which the CMU or the CMU Operator is operating and open for business.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

"Clearing System Business Day" means a day on which the CMU is open for business.

"CMU" means the Central Moneymarkets Unit Service.

"CMU Lodging and Paying Agent" means Citicorp International Limited (currently located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Hong Kong) or its successor as CMU lodging and paying Agent under the Indenture.

"CMU Manual" means the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended and/or supplemented from time to time.

"CMU Member" means any member of the CMU.

"CMU Rules" means all requirements of the CMU for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of the Independent Investment Bank, a PRC Government Bond whose maturity is closest to the remaining term of the applicable Notes to be redeemed, or if such Independent Investment Bank in its discretion considers that such similar bond is not in issue, such other PRC Government Bond as such Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, any PRC Government Bond selected by such Independent Investment Bank, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the applicable Notes to be redeemed, if they were to be purchased at such price on the fifth Business Day prior to the date fixed for redemption or the date of accelerated payment, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (Hong Kong time) on such Business Day as determined by the Independent Investment Bank.

"Consolidated Affiliated Entity" of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board (including any changes, amendments or supplements thereto) or, if such Person prepares its financial statements in accordance with accounting principles other than IFRS, the equivalent of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of the Issuer.

"Controlled Entity" of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Group" means the Issuer and its Controlled Entities.

"HKMA" means the Hong Kong Monetary Authority.

"holder" in relation to a Note, means the Person in whose name such Note is registered in the security register for the registration and the registration of transfer or of exchange of the Note save that, for so long as such Notes are evidenced by a global note held by or on behalf of the CMU Operator, each person who is for the time being shown in the records of the CMU Operator as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by the CMU Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the CMU Operator as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Notes, the right to which shall be vested, as against the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the CMU

Operator, solely in the registered holder of the global note in accordance with and subject to its terms and the expressions; "holder of Notes" and related expressions shall (where appropriate) be construed accordingly.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Independent Investment Bank" means an investment bank of recognized standing that is a primary dealer in PRC Government Bonds, appointed by the Issuer.

"Lien" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Non-listed Controlled Entities" means the Controlled Entities other than (i) any Controlled Entities with shares of common stock or other common equity interests listed on an internationally recognized stock exchange (including stock exchanges in the PRC); and (ii) any Subsidiaries or Consolidated Affiliated Entities of any Controlled Entity referred to in clause (i) of this definition.

"Non-recourse Obligation" means indebtedness or other obligations substantially related to (i) the acquisition of assets (including any person that becomes a Controlled Entity) not previously owned by the Issuer or any of the Issuer's Controlled Entities or (ii) the financing of a project involving the purchase, development, improvement or expansion of properties of the Issuer or any of the Issuer's Controlled Entities, as to which the obligee with respect to such indebtedness or obligation has no recourse to the Issuer or any of the Issuer's Controlled Entities or to the Issuer or any such Controlled Entity's assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"Person" means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

"PRC" means the People's Republic of China, excluding, for purposes of this definition, the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

"PRC Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed.

"PRC Government Bond(s)" means any bond issued by the Central People's Government of The People's Republic of China.

"Preferred Shares" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

"Principal Controlled Entities" at any time shall mean one of the Issuer's Non-Listed Controlled Entities

(i) as to which one or more of the following conditions is/are satisfied:

(a) its total revenue or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated total revenue attributable to the Issuer is at least 10% of the Issuer's consolidated total revenue;

(b) its gross profit or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated gross profit attributable to the Issuer (in each case before taxation and exceptional items) is at least 10% of the Issuer's consolidated gross profit (before taxation and exceptional items); or

(c) its total assets or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated total assets attributable to the Issuer (in each case after deducting minority interests in Subsidiaries) are at least 10% of the Issuer's consolidated total assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Non-Listed Controlled Entity and the Issuer's then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

(1) in the case of a corporation or other business entity becoming a Non-Listed Controlled Entity after the end of the financial period to which the Issuer's latest consolidated audited accounts relate, the reference to the Issuer's then latest consolidated audited accounts and the Issuer's Non-Listed Controlled Entities for the purposes of the calculation above shall, until the Issuer's consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Non-Listed Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Non-Listed Controlled Entities adjusted to consolidate the latest audited accounts

(consolidated in the case of a Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities) of such Non-Listed Controlled Entity in such accounts;

(2) if at any relevant time in relation to the Issuer or any Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities, no consolidated accounts are prepared and audited, total revenue, gross profit or total assets of the Issuer and/or any such Non-Listed Controlled Entity shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by or on behalf of the Issuer;

(3) if at any relevant time in relation to any Non-Listed Controlled Entity, no accounts are audited, its total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Non-Listed Controlled Entity prepared for this purpose by or on behalf of the Issuer; and

(4) if the accounts of any Non-Listed Controlled Entity (not being a Non-Listed Controlled Entity referred to in proviso (1) above) are not consolidated with the Issuer's consolidated accounts, then the determination of whether or not such Non-Listed Controlled Entity is a Principal Controlled Entity shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the Issuer's consolidated accounts (determined on the basis of the foregoing); or

(ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An officers' certificate of the Issuer delivered to the Trustee certifying in good faith as to whether or not a Non-Listed Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error and the Trustee shall be entitled to rely conclusively without any liability to any person upon such officers' certificate (without further investigation or enquiry) and shall not be liable to any person for so accepting and relying on such officers' certificate.

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, except (i) any indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities initially

offered, marketed or issued primarily to Persons resident in the PRC, and (ii) any Non-recourse Obligations. For the avoidance of doubt, "Relevant Indebtedness" does not include, among others, indebtedness under any bilateral loan, syndicated loan, club loan, credit facility, transferable loan facility or agreement (including any draw-down of any credit line or facility) or any intra-company loans within the Group.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal (or any portion thereof) of or premium, if any, on such Note or such installment of interest is due and payable.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer.

"Triggering Event" means (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof ("**Change in Law**") that results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Issuer's consolidated financial statements for the most recent fiscal quarter and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in its consolidated financial statements for the most recent fiscal quarter and (B) the Issuer has not furnished to the Trustee, prior to the date that is twelve months after the date of the Change in Law, an opinion from an independent financial advisor or external legal counsel stating either (1) the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in its consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganization plan of the Issuer) or (2) such Change in Law would not materially adversely affect the Issuer's ability to make principal, premium (if any) and interest payments on the Notes when due.

The definition of Triggering Event includes a phrase relating to operating "substantially all" or deriving "substantially all" of the economic benefits from, the business operations conducted by the Group. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that the Issuer offers to repurchase the Notes as a result of a Triggering Event may be uncertain.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes (or beneficial interests therein).

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S.

By its purchase of the Notes, each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(1) it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is not a U.S. person (as defined in Regulation S) and is outside the United States purchasing the Notes in an offshore transaction in accordance with Regulation S;

(2) it understands and acknowledges that the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction;

(3) it agrees that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;

(4) it understands that the Notes will be represented by the global note and that transfers thereto are restricted as described under "*Description of the Notes — Book-Entry; Delivery and Form*";

(5) it understands that if in the future it decides to resell, pledge or otherwise transfer any Notes represented by the global note or any beneficial interest in any Notes represented by the global note, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 6 below;

(6) it understands that each Note represented by the global note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE DATE OF ISSUANCE OF THE NOTES (THE "**RESTRICTED PERIOD**").

UPON THE EXPIRATION OF THE RESTRICTED PERIOD, THE NOTES REPRESENTED BY THE CERTIFICATES SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND.

(7) it acknowledges that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Notes represented by the global note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Notes represented by the global note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indentures; and

(8) it acknowledges that the Issuer, the transfer agent, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer, the transfer agent and the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indentures to effect exchanges of transfer of interests in the global note and of the Notes in certificated form, see "*Description of the Notes —– Book-entry; Delivery and Form.*"

The following summary of certain tax considerations of the ownership and disposition of the Notes is based upon applicable laws, rules and regulations of the Cayman Islands, the PRC, Hong Kong and the United States in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to own or dispose of the Notes and does not purport to deal with considerations applicable to all categories of investors, some of which may be subject to special rules. Persons considering the ownership of the Notes should consult their tax advisors concerning the tax considerations of the ownership and disposition of the Notes, including any possible considerations under the laws of their country of citizenship, residence or domicile.

Cayman Islands

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Cayman Islands currently has no income, corporation, or capital gains tax and no estate duty, inheritance tax, or gift tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double-tax treaties which are applicable to any payments made by or to our Company.

Payments of interest and principal on our Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of our Notes, nor will gains derived from the disposal of our Notes be subject to Cayman Islands income or corporate tax.

No stamp duty is payable in respect of the issue of our Notes. Our Notes themselves or instrument of transfer in respect of a Note will be stampable if they are executed in or brought into the Cayman Islands or produced before a Cayman Islands court.

People's Republic of China

The following summary describes certain PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the Mainland of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose "de facto management bodies" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside China. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% on its income from sources both within and outside the PRC. The Issuer cannot assure you that it will not be considered a "resident enterprise" by the PRC tax authorities. If the Issuer is determined to be a PRC resident enterprise, such interest payments and any gains from the sale of the Notes may be subject to PRC tax as discussed below.

Income Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10% on PRC-sourced interest income paid to a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law and other applicable PRC tax laws and regulations, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities, interest paid to non-resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to a 10% PRC withholding tax, which the Issuer would be obligated to withhold from payments to non-resident enterprise holders of the Notes. Further, in accordance with the Individual Income Tax Law of the PRC which was last amended on August 31, 2018 and took effect on January 1, 2019 and its implementation regulations which were last amended on December 18, 2018 and took effect on January 1, 2019, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Notes may be treated as income derived from sources within China and be subject to a 20% individual income tax which the Issuer would be obliged to withhold from payments to non-resident individual holders of the Notes.

To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation of income with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified holders of the Notes. However, it is unclear whether in practice non-resident holders of the Notes would be able to obtain the benefits of tax treaties between China and their countries. If the Issuer is required to withhold PRC taxes, it will withhold at the PRC statutory rates.

Income Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10% on income derived from sources within the PRC realized by a "non-resident enterprise" that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered to be a PRC resident enterprise by Chinese mainland tax authorities, and if the capital gains from the transfer of the Notes realized by holders of the Notes are treated as income derived from sources within China, such gains may be subject to the PRC tax described above. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Notes, if the Issuer is treated as a PRC resident under the relevant treaty and the investors qualify for that treaty's benefits. However, it is unclear whether in practice non-resident holders of the Notes would be able to obtain the benefits of tax treaties between China and their countries.

Value-added Tax

The PRC's value-added tax may be withheld from the interest paid by the Issuer at a rate of 6% if the PRC tax authority views such interest as interest income derived from the territory of the PRC. On March 23, 2016, the Ministry of Finance and the SAT issued the SAT Circular 36, which confirms that business tax will be completely replaced by VAT from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax has been entirely replaced by, and subject to, VAT. According to the SAT Circular 36, the entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under the SAT Circular 36 that the term "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under the SAT Circular 36, the issuance of Notes may be treated as the holders of the Notes providing loans to the Company, which would be regarded as financial services subject to VAT. The transfer of financial products, including transfer of the ownership of marketable securities, may also be subject to VAT at a rate of 6% on the taxable turnover.

Given the new VAT Law and its detailed Implementation Rules take effective from January 1, 2026, the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the PRC tax authorities.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note.

Hong Kong

The following is a discussion of certain Hong Kong tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Hong Kong law.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong by performing activities generating interest on the Notes in Hong Kong; or

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong by a simple loan of money with provision of credit in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising

through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from January 1, 2023, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

Material U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) regarding the ownership and disposition of Notes. This summary applies only to U.S. Holders that hold their Notes as capital assets for U.S. federal income tax purposes (generally, Notes held for investment) and that purchase the Notes in this offering at their "issue price," which for each series of Notes is the first price at which a substantial amount of the Notes of that series is sold to the public (not including bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). This discussion is for general information only and does not address all U.S. federal income tax matters that may be relevant to a particular U.S. Holder in light of its particular circumstances, including any special tax accounting rules set forth in Section 451 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), alternative minimum tax consequences and Medicare contribution tax consequences, as well as differing tax consequences applicable to U.S. Holders that are subject to special rules under U.S. federal income tax law, including, but not limited to:

- dealers or traders in securities that use a mark-to-market method of accounting;
- tax-exempt organizations, "individual retirement accounts" or "Roth IRAs";
- banks, financial institutions, insurance companies or mutual funds;
- regulated investment companies or real estate investment trusts;
- partnerships or other entities treated as a partnership for U.S. federal income tax purposes or partners therein;
- persons whose "functional currency" is not the U.S. dollar;
- persons holding their Notes as part of a "straddle" or integrated transaction;
- U.S. citizens or lawful permanent residents living abroad; or
- persons holding Notes in connection with a trade or business conducted outside the United States.

For purposes of this summary, a U.S. Holder is, for U.S. federal income tax purposes, a beneficial owner of Notes and:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding Notes and their partners should consult with their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

This summary is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed U.S. Treasury regulations, and the income tax treaty between the United States and the PRC (the "**Treaty**"), all as of the date hereof, changes to any of which subsequent

to the date of this offering memorandum may affect the tax consequences described herein, possibly on a retroactive basis. The following summary is not binding on the U.S. Internal Revenue Service (the "**IRS**") or the courts. It does not address any state, local or non-U.S. tax consequences, U.S. federal estate of gift tax consequences or any consequences other than U.S. federal income taxes.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. Each U.S. Holder should consult its tax advisor with respect to the U.S. federal income tax considerations relevant to such holder in its particular circumstances.

Payments of Interest

It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. Interest payable on the Notes will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Interest income on the Notes generally will constitute income from sources outside the United States for purposes of the foreign tax credit rules. As described above in "– People's Republic of China," if we are deemed to be a PRC resident enterprise, interest paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the interest income will include any amounts withheld in respect of PRC taxes. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC income taxes withheld from interest payments (at a rate not exceeding any applicable Treaty rate) may be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. The IRS released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign income taxes instead of claiming foreign tax credits applies to all otherwise creditable foreign taxes paid or accrued in the relevant taxable year. PRC VAT (if any) withheld or imposed on payment of interest will not be creditable but may be deductible for U.S. federal income tax purposes. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of foreign taxes in their particular circumstances.

Sale, Exchange, Redemption or Other Disposition of Notes

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption or other disposition (not including any amount attributable to accrued but unpaid interest, which will be taxable as ordinary interest income as described above under "— *Payments of Interest*" to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in such Note. A U.S. Holder's tax basis in a Note generally will be the amount such U.S. Holder paid for such Note. Gain or loss recognized by a U.S. Holder on the sale, exchange, redemption or other disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year at the time of sale, exchange, redemption or other disposition. Net long-term capital gains of non-corporate taxpayers are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

As described above in "— People's Republic of China," if we are deemed to be a PRC resident enterprise, gains on the sale of a Note may be subject to PRC taxes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder that is eligible for Treaty benefits may be able to elect to treat gains on the disposition of a Note as foreign-source income under the Treaty and claim a foreign tax credit in respect of any PRC taxes on such disposition gains. Under certain Treasury regulations, a U.S. Holder will generally be precluded from claiming a foreign tax credit with respect to PRC income taxes on gains from the dispositions of Notes, unless the U.S. Holder is eligible for Treaty benefits and elects to apply them. The IRS released notices that provide relief from certain of these regulations' provisions (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, even if these Treasury regulations do not prohibit U.S. Holders from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude them from claiming (or limit their ability to claim) a foreign tax credit with respect to such taxes. If a U.S. Holder is precluded from claiming a foreign tax credit, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and the deductibility of non-U.S. taxes are complex. U.S. Holders should consult their tax advisers regarding their eligibility for benefits under the Treaty and the consequences of the imposition of any PRC tax on disposition gains, including the Treaty's resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of any PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient (and demonstrates that status if required to do so) or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that such U.S. Holder is not subject to backup withholding. The amount of any backup withholding from a payment will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement relating to the Notes among the Issuer and the initial purchasers, the Issuer has agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of the Notes
UBS AG Hong Kong Branch	CNY500,000,000
Merrill Lynch (Asia Pacific) Limited	CNY500,000,000
Morgan Stanley & Co. International plc	CNY500,000,000
Jefferies Hong Kong Limited	CNY500,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	CNY500,000,000
Industrial and Commercial Bank of China (Asia) Limited	CNY200,000,000
Bank of China (Hong Kong) Limited	CNY200,000,000
CLSA Limited	CNY150,000,000
SPDB International Capital Limited	CNY150,000,000
CMBC Securities Company Limited	CNY150,000,000
Barclays Bank PLC	CNY150,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement. The purchase agreement also provides that the obligations of the initial purchasers to purchase the Notes are subject to, among other things, the receipt by the initial purchasers of documentation related to the issuance and sale of the Notes, officers' certificates and legal opinions and to other conditions.

The purchase agreement provides that the Issuer will pay the initial purchasers a customary commission.

The initial purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

The Issuer has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

New Issue of the Notes

The Notes are a new issue of securities with no established trading market. An application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. We cannot assure you that the Notes will be or remain listed. The initial purchasers may, but are not obligated to, make a market in the Notes and may discontinue any market-making activities at any time without any notice. The Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price that you receive when you sell your Notes will be favorable. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Issuer's operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

The Issuer has agreed that save for the US dollar-denominated senior unsecured notes to be issued by the Issuer on the closing date, none of the Issuer, any members of the Group or any person acting on its or their behalf shall, between the date of the purchase agreement and the date which is 15 days after the closing date (both dates inclusive), without the prior written consent of the initial purchasers, (a) issue, offer, sell, contract to sell, pledge or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Pari Passu Debts or any securities exchangeable for or which carry rights to subscribe or purchase the Notes or any Pari Passu Debts, or other instruments representing interests in the Notes or any Pari Passu Debts outside of the PRC, (b) enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) directly or indirectly of any Pari Passu Debts issued by the Issuer or any of its subsidiaries outside of the PRC, or (c) announce or otherwise make public an intention to do any of the foregoing (other than the Notes).

Short Positions and Stabilizing Transactions

In connection with the offering, any initial purchaser as the Stabilizing Manager, may purchase and sell the Notes in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing purchases. Short sales involve the sale by the Stabilizing Managers of a greater principal amount of the Notes than they are required to purchase in the offering. The Stabilizing Managers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of

the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum.

Similar to other purchase transactions, the Stabilizing Managers' purchases to cover the syndicate short sales and stabilizing purchasers may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer or any of the initial purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer or any of the initial purchasers makes any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

Prohibition of Sales to EEA Retail Investors

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors; Other UK regulatory restrictions

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each of the initial purchasers has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each of the initial purchasers has agreed that, except as permitted by the purchase agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Notice to Prospective Investors in Hong Kong, PRC

Each of the initial purchasers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each of the initial purchasers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in the PRC

Each of the initial purchasers has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by applicable laws of the PRC.

Notice to Prospective Investors in Singapore

Each of the initial purchasers has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the initial purchasers has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notice to Prospective Investors in Cayman Islands

No Notes will be offered or sold to the public in the Cayman Islands.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the initial purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any UK MiFIR product governance language set out elsewhere in this offering memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those initial purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated initial purchaser(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);

- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);

- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to:

sh-asia-ccs-dcm-filing@ubs.com;
bofa_dcm_syndicate_pb_orders@bofa.com;
omnibus_debt@morganstanley.com;
Project.Starlink.Asia@jefferies.com;
cmd_dcm@cibhk.com;
project.starlink@icbcasia.com;
projectstarlink2026@clsa.com; and
dcm@cmbccap.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The initial purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant initial purchaser with such evidence within the timeline requested.

Other Relationships

The initial purchasers and their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking and financial advisory and investment banking services, for the Issuer and its affiliates in the ordinary course of business, for which they received or will receive customary fees and expenses. The Issuer and its affiliates may enter into hedging or other derivative transactions as part of their risk management

strategy with one or more of the initial purchasers, which may include transactions relating to its obligations under the Notes. The Issuer's obligations under these transactions may be secured by cash or other collateral.

In connection with the offering of the Notes, each initial purchaser and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the initial purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views with respect to such securities or financial instruments and may hold, or recommend to clients that they acquire long and/or short positions in such securities and instruments.

The initial purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchaser or any affiliate of the initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that initial purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

RATINGS

The Notes are expected to be assigned a rating of "A-" by S&P, "A3" by Moody's, and "A-" by Fitch. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes and the structure, market and other factors that may affect the value of the Notes, but rather reflect only the view of each rating agency and their assessment of our ability to perform our obligations under the Notes and the credit risk in determining the likelihood that payments will be made when due under the Notes at the time the rating is issued. An explanation of the significance of a rating may be obtained from the relevant rating agency. Ratings are not recommendations to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the rating agency, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating on the Notes, on any other of our securities, or on us. We are not obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. See "*Risk Factors — Risks Relating to the Notes — The ratings of the Notes and our corporate ratings may be lowered, suspended, or withdrawn; changes in such credit ratings may adversely affect the value of the Notes*."

LEGAL MATTERS

Certain legal matters in connection with this offering as to Hong Kong law and United States federal and New York law will be passed upon for the Issuer by Simpson Thacher & Bartlett and for the initial purchasers as to United States federal and New York law by Linklaters. Certain legal matters in connection with this offering as to the laws of the PRC will be passed upon for the Issuer by Haiwen & Partners and for the initial purchasers by Fangda Partners. Certain legal matters in connection with this offering as to Cayman Islands law will be passed upon for the Issuer by Appleby. Simpson Thacher & Bartlett may rely upon Appleby with respect to matters governed by Cayman Islands law and Haiwen & Partners with respect to matters governed by PRC law. Linklaters may rely upon Fangda Partners with respect to matters governed by PRC law.

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024, which are derived from the audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 included in this offering memorandum, have been audited by PricewaterhouseCoopers, the Company's independent auditor, as stated in its reports appearing herein. Our condensed consolidated financial information as of and for the nine months ended September 30, 2025, which is derived from the unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025, included in this offering memorandum, has been reviewed by PricewaterhouseCoopers in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board, as stated in its report appearing herein.

Authorizations

The Issuer has obtained all necessary consents, approvals, and authorizations in connection with the issue and performance of the Notes and the indentures. The issue of the Notes was authorized by resolutions of the Board of Directors of the Issuer passed on November 19, 2025.

Clearing Systems and Settlement

The Legal Entity Identifier (LEI) Code of the Issuer is 300300FCDZBE6UP9ED24. The Notes have been accepted for clearance through the facilities of the CMU. Certain trading information with respect to the Notes is set forth below:

ISIN: HK0001241626
Common Code: 326607070
CMU Instrument Number: CILHFN26001

Listing of Notes

Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. Notes to be listed on the SEHK are required to have a denomination of at least HK$500,000 (or equivalent in other currencies).

Documents Available

For so long as any of the Notes are outstanding, copies of the indentures governing the Notes may be inspected free of charge by any holder of the Notes at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) on any weekday (except public holidays) at the corporate trust office of the trustee following prior written request and proof of holding and identity to the satisfaction of the trustee.

For so long as any of the Notes are outstanding, copies of our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and our unaudited condensed consolidated interim financial information as of and for the nine months ended September 30, 2025, if any, may be obtained during normal business hours on any weekday (except public holidays) at the principal offices of the Issuer.

No Material Adverse Change

The live-streaming function of our Kuaishou App was affected by an incident happened at around 10:00 p.m., December 22, 2025. We initiated our emergency plan at the first instance. After repairing and restoring the system, the live-streaming function of the Kuaishou App resumed normal service shortly afterwards. Other services of the Kuaishou App remain unaffected.

Save as disclosed in this offering memorandum (including the above incident), there has been no material adverse change, or any development or event reasonably likely to involve an adverse change, in the financial or trading position, prospects, properties, results of operations, business or general affairs of the Issuer or the Group since June 30, 2025.

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The audited consolidated financial statements and unaudited condensed consolidated interim financial information set forth herein have been reproduced from the Company's annual reports for the years ended December 31, 2023 and 2024 and the Company's interim report for the nine months ended September 30, 2025. The page references are references to pages set forth in such annual reports or interim report. They have not been specifically prepared for inclusion in this offering memorandum.

Independent Auditor's Report

To the Shareholders of Kuaishou Technology
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Kuaishou Technology (the "**Company**") and its subsidiaries including structured entities (collectively, the "**Group**"), which are set out on pages 216 to 315, comprise:

- the consolidated balance sheet as at December 31, 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income/(loss) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Revenue recognition
- Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss"
- Recognition of deferred tax assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to notes 2.1.9 and 6 to the consolidated financial statements. The Group mainly generates revenues from provisions of online marketing services, live streaming services and other services including services for e-commerce business through the Group's platform ("**Platform**"). Revenues of RMB113.5 billion were recognized for the year ended December 31, 2023. Revenues from online marketing services derive primarily from performance-based marketing services and display-based marketing services. The revenue is recognized upon the time when the related services were delivered by the Group or over the display period. Revenues from live streaming services derive from sales of virtual items to users of the Platform which can be consumed on the Platform. The revenue is recognized when the consumable virtual items are consumed.	We performed the following procedures to address the key audit matter: • Evaluated the appropriateness of the revenue recognition policies as adopted by the Group; • Understood and evaluated the key internal controls in relation to recognition of revenue from online marketing services, live streaming services and e-commerce related services; • Understood and tested the general control environment of the IT Systems; • Tested the key automated controls in relation to recognition of revenue of the IT Systems, including testing the top-ups for purchase of virtual items (the "**Top-Ups**"), the consumption of virtual items by the users of the Platform, the delivery of online marketing services and the records of the status of sale transaction of goods in accordance with the pre-set system logics;

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenues from other services mainly derive from e-commerce related services such as allowing merchants to promote and sell goods on the Platform and charging commissions on the sales of goods. The revenue from e-commerce related services is recognized when sale transaction of goods is completed. We focused on this area as significant efforts were spent on auditing the revenues recognized from online marketing services, live streaming services and e-commerce related services due to the magnitude of the revenue amount and the significant volume of revenue transactions processed through the information technology systems in which the virtual items was sold and consumed and online marketing services and e-commerce related services were delivered (collectively the "**IT Systems**").	• By using computer-assisted audit techniques, examined the virtual goods consumption, online marketing service delivery and e-commerce business order and related delivery records in the IT Systems according to the single transaction level on a sampling basis; • By using computer-assisted audit techniques, tested the mathematic accuracy and the completeness of the system generated reports that summarized the key inputs for the calculation of revenue; • Performed confirmation procedures for revenues and trade receivables on a sampling basis; and • Compared the total amount of cash collections recorded in the general ledger against the cash collection amounts as recorded in the IT Systems for the amounts of Top-Ups received from customers. We also tested, on a sample basis, the existence, amount and the timing of cash collections by checking to the external supporting documents for the related cash receipts. Based on the procedures performed, we considered that the revenues from online marking services, live streaming services and other services including e-commerce related services were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss" Refer to note 2.1.5, 3.3 and 20 to the consolidated financial statements. The fair value of investments in unlisted entities classified as "financial assets at fair value through profit or loss" as at December 31, 2023 amounted to approximately RMB2.6 billion. These financial assets were measured based on unobservable inputs and are classified as "level 3 financial instruments". As these entities are unlisted and not traded in an active market, management determined the fair values of these unlisted entities by using applicable valuation techniques with the assistance from an independent external valuer. The fair value determination required significant management's judgments and estimates, the use of unobservable inputs. We focused on this area since the determination of fair values for these investments is subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the fair values for these unlisted entities are considered significant due to the complexity of valuation techniques and significant management assumptions and estimates adopted, such as expected volatility, discount for lack of marketability and risk-free rate, as well as the probability weight among the timing of the liquidation, redemption or IPO event scenarios, and the selection of data used in the valuation, which are subjective.	We performed the following procedures to address the key audit matter: • Obtained an understanding on the management's internal control process for determining the fair value of investments in unlisted entities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity, changes and susceptibility to management bias; • Examined the relevant legal documents and investment agreements, and assessed the implications of the key terms as set out in these documents/agreements to the valuation of the respective investments; • Assessed the competence, capabilities and objectivity of the independent external valuer engaged by the Group; • Involved our internal valuation expert in assessing and challenging the appropriateness of the valuation techniques used and the reasonableness of the significant assumptions and estimate applied by the management (including selection of comparable companies and earnings multipliers, expected volatility, discount for lack of marketability and risk-free rate) based on external market data; and • Checked the accuracy of historical data used in the fair value determination to supporting documents. Based on the procedures performed, we considered that the risk assessment of the fair value determination of investments in unlisted entities remained appropriate and the valuation techniques, significant assumptions and data used by management in the assessment of the fair value of the investments in unlisted entities were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of deferred tax assets Refer to notes 2.1.7 and 31 to the consolidated financial statements. As at December 31, 2023, the Group had deferred tax assets amounting to approximately RMB6.1 billion. In addition, the unrecognized deferred tax assets for tax losses as of December 31, 2023 amounted to RMB6.4 billion. Deferred tax assets are recognized only if it is probable that future taxable profits will be available to utilize the deductible temporary differences and tax losses. We focused on this area because the estimation of future taxable profits is subject to high degree of estimation uncertainty. The recognition of deferred tax assets involves significant judgment and estimates by management as to the likelihood and the period of its realization which is dependent on a number of factors, including whether there will be sufficient future taxable profits and appropriate taxable temporary differences.	We performed the following procedures to address the key audit matter: • Obtained an understanding of the management's assessment process and related internal control of recognition of deferred tax assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Obtained management's calculation sheets of deferred tax assets and tested the accuracy of the calculation sheets; • Tested and agreed available deductible tax losses, including the respective expiry periods, to tax returns of the relevant subsidiaries; • Evaluated the reasonableness of key assumptions and estimates of forecast revenue growth rates, profitability, R&D super deduction, etc., used by management in estimating future taxable profits, by considering (a) the Group's current and past performances, (b) the consistency with industry and third-party data, and (c) whether these assumptions and related estimates were consistent with evidence obtained in other areas of the audit; and • Evaluated the reasonableness of the recognition of deferred tax assets by comparing the estimated future taxable profits to deductible temporary differences and tax losses as at December 31, 2023. Based on the above procedures performed, we considered that the risk assessment of the recognition of deferred tax assets remained appropriate and the significant assumptions and data used by management in the assessment in relation to the recognition of deferred tax assets were supported by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 20, 2024

Consolidated Income Statement

	Note	Year ended December 31, 2023 RMB'Million	2022 RMB'Million
Revenues	6	**113,470**	94,183
Cost of revenues	9	**(56,079)**	(52,052)
Gross profit		**57,391**	42,131
Selling and marketing expenses	9	**(36,496)**	(37,121)
Administrative expenses	9	**(3,514)**	(3,921)
Research and development expenses	9	**(12,338)**	(13,784)
Other income	7	**978**	1,547
Other gains/(losses), net	8	**410**	(1,410)
Operating profit/(loss)		**6,431**	(12,558)
Finance income, net	11	**539**	166
Share of losses of investments accounted for using the equity method	19	**(81)**	(139)
Profit/(loss) before income tax		**6,889**	(12,531)
Income tax expenses	13	**(490)**	(1,158)
Profit/(loss) for the year		**6,399**	(13,689)
Attributable to:			
— Equity holders of the Company		**6,396**	(13,690)
— Non-controlling interests		**3**	1
		6,399	(13,689)
Earnings/(loss) per share attributable to the equity holders of the Company (expressed in RMB per share)	14		
Basic earnings/(loss) per share		**1.48**	(3.22)
Diluted earnings/(loss) per share		**1.44**	(3.22)

The notes on pages 224 to 315 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income/(Loss)

	Note	Year ended December 31, 2023 RMB'Million	2022 RMB'Million
Profit/(loss) for the year		**6,399**	(13,689)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of investments accounted for using the equity method	*25*	**14**	—
Currency translation differences		**1,286**	6,359
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(938)**	(4,291)
Other comprehensive income for the year, net of taxes		**362**	2,068
Total comprehensive income/(loss) for the year		**6,761**	(11,621)
Attributable to:			
— Equity holders of the Company		**6,758**	(11,622)
— Non-controlling interests		**3**	1
		6,761	(11,621)

The notes on pages 224 to 315 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As of December 31, 2023 RMB'Million	2022 RMB'Million
ASSETS			
Non-current assets			
Property and equipment	15	**12,356**	13,215
Right-of-use assets	16	**10,399**	10,806
Intangible assets	17	**1,073**	1,123
Investments accounted for using the equity method	19	**214**	268
Financial assets at fair value through profit or loss	20	**5,245**	3,626
Other financial assets at amortized cost	20	**283**	670
Deferred tax assets	31	**6,108**	5,095
Long-term time deposits	23	**9,765**	7,870
Other non-current assets		**492**	776
		45,935	43,449
Current assets			
Trade receivables	21	**6,457**	6,288
Prepayments, other receivables and other current assets	22	**4,919**	4,106
Financial assets at fair value through profit or loss	20	**25,128**	13,087
Other financial assets at amortized cost	20	**950**	726
Short-term time deposits	23	**9,874**	8,318
Restricted cash	23	**128**	59
Cash and cash equivalents	23	**12,905**	13,274
		60,361	45,858
Total assets		**106,296**	89,307

	Note	As of December 31, 2023 RMB'Million	2022 RMB'Million
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*24*	**—**	—
Share premium	*24*	**273,459**	274,473
Treasury shares		**(88)**	—
Other reserves	*25*	**33,183**	29,239
Accumulated losses		**(257,491)**	(263,882)
		49,063	39,830
Non-controlling interests		**11**	8
Total equity		**49,074**	39,838
LIABILITIES			
Non-current liabilities			
Lease liabilities	*16*	**8,405**	8,721
Deferred tax liabilities	*31*	**18**	23
Other non-current liabilities		**21**	16
		8,444	8,760
Current liabilities			
Accounts payables	*28*	**23,601**	22,868
Other payables and accruals	*29*	**16,592**	10,190
Advances from customers	*30*	**4,036**	3,240
Income tax liabilities		**1,222**	936
Lease liabilities	*16*	**3,327**	3,475
		48,778	40,709
Total liabilities		**57,222**	49,469
Total equity and liabilities		**106,296**	89,307

The notes on pages 224 to 315 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 216 to 315 were approved by the Board of Directors on March 20, 2024 and were signed on its behalf:

CHENG Yixiao
Director

SU Hua
Director

Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company							
		Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Other reserves RMB'Million	Accumulated losses RMB'Million	Subtotal RMB'Million	Non-controlling interests RMB'Million	Total RMB'Million
Balance at January 1, 2023		–	274,473	–	29,239	(263,882)	39,830	8	39,838
Profit for the year		–	–	–	–	6,396	6,396	3	6,399
Other comprehensive income									
Share of other comprehensive income of investments accounted for using the equity method	19,25	–	–	–	14	–	14	–	14
Currency translation differences	25	–	–	–	348	–	348	–	348
Total comprehensive income for the year		–	–	–	362	6,396	6,758	3	6,761
Share of other changes in net assets of investments accounted for using the equity method	19,25	–	–	–	7	–	7	–	7
Transactions with owners in their capacity as owners									
Share-based compensation	25	–	–	–	3,570	–	3,570	–	3,570
Exercise of share options and vesting of restricted share units ("**RSUs**")	24,25	–	199	–	–	–	199	–	199
Appropriations to statutory reserves	25	–	–	–	5	(5)	–	–	–
Repurchase of shares (to be canceled)		–	–	(1,301)	–	–	(1,301)	–	(1,301)
Cancelation of shares	24	–	(1,213)	1,213	–	–	–	–	–
Total transactions with owners in their capacity as owners		–	(1,014)	(88)	3,575	(5)	2,468	–	2,468
Balance at December 31, 2023		–	273,459	(88)	33,183	(257,491)	49,063	11	49,074

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company						
	Note	Share capital RMB'Million	Share premium RMB'Million	Other reserves RMB'Million	Accumulated losses RMB'Million	Subtotal RMB'Million	Non-controlling interests RMB'Million	Total RMB'Million
Balance at January 1, 2022		—	274,408	20,853	(250,172)	45,089	7	45,096
Loss for the year		—	—	—	(13,690)	(13,690)	1	(13,689)
Other comprehensive income								
Share of other comprehensive income of investments accounted for using the equity method	19,25	—	—	—	—	—	—	—
Currency translation differences	25	—	—	2,068	—	2,068	—	2,068
Total comprehensive loss for the year		—	—	2,068	(13,690)	(11,622)	1	(11,621)
Share of other changes in net assets of investments accounted for using the equity method	19,25	—	—	49	—	49	—	49
Transactions with owners in their capacity as owners								
Share-based compensation	25	—	—	6,249	—	6,249	—	6,249
Exercise of share options and vesting of RSUs	24,25	—	65	—	—	65	—	65
Appropriations to statutory reserves	25	—	—	20	(20)	—	—	—
Total transactions with owners in their capacity as owners		—	65	6,269	(20)	6,314	—	6,314
Balance at December 31, 2022		—	274,473	29,239	(263,882)	39,830	8	39,838

The notes on pages 224 to 315 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2023 RMB'Million	2022* RMB'Million
Cash flows from operating activities			
Cash generated from operations	32(a)	**22,004**	1,785
Income tax paid		**(1,223)**	(990)
Net cash generated from operating activities		**20,781**	795
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		**(4,897)**	(5,100)
Proceeds from disposal of property, equipment and intangible assets		**10**	8
Purchase of investments in financial assets at fair value through profit or loss		**(61,263)**	(44,081)
Proceeds from disposal of investments in financial assets at fair value through profit or loss		**48,101**	39,955
Purchase of investments in other financial assets at amortized cost		**(520)**	(1,378)
Proceeds from disposal of investments in other financial assets at amortized cost		**765**	51
Repayment of loan by a third party		**—**	17
Purchase of time deposits with initial terms over three months		**(12,299)**	(17,485)
Proceeds from maturity of time deposits with initial terms over three months		**9,926**	9,939
Interest income received		**259**	97
Dividends received		**—**	2
Withdraw of restricted cash		**53**	—
Placement of restricted cash		**—**	(53)
Net cash used in investing activities		**(19,865)**	(18,028)

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2023 RMB'Million	2022* RMB'Million
Cash flows from financing activities			
Payments for principal elements of lease and related interests		**(3,451)**	(3,386)
Proceeds from exercise of share options and vesting of RSUs		**219**	54
Capital contribution from non-controlling interests		**—**	1
Proceeds received under notes payable transaction	*2.1.1(c)*	**7,524**	1,909
Proceeds received from notes receivable factoring to banks		**3,735**	—
Payments for principal of matured notes and related interests		**(8,091)**	(1,177)
Payments for shares repurchase		**(1,300)**	—
Net cash used in financing activities		**(1,364)**	(2,599)
Net decrease in cash and cash equivalents		**(448)**	(19,832)
Cash and cash equivalents at the beginning of the year	*23(a)*	**13,274**	32,612
Effects of exchange rate changes on cash and cash equivalents		**79**	494
Cash and cash equivalents at the end of the year	*23(a)*	**12,905**	13,274

* The consolidated statement of cash flows for the year ended December 31, 2022 has been adjusted for the voluntary change in accounting policy as described in Note 2.1.1(c).

The notes on pages 224 to 315 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Kuaishou Technology (the "**Company**") was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B Shares have been listed on the Main Board of the Hong Kong Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**"), provides online marketing services, live streaming services and other services to its customers.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out as below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation and change in accounting policy and disclosures

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(a) New standards and amendments adopted by the Group

The following new standards and amendments are mandatory for the first time for the Group's financial year beginning on January 1, 2023 and are applicable for the Group:

- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12
- International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12
- Insurance Contracts — IFRS 17

The adoption of these new standards and amendments does not have significant impact on the results and the financial position of the Group.

(i) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". From the effective date on January 1, 2023, the Group recognized deferred tax assets and deferred tax liabilities for the temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date of a lease from the prospective of lessee.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(a) New standards and amendments adopted by the Group (Continued)

(i) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

In accordance with the transitional provisions, the Group applied the amendments for the first time by recognizing deferred income tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest period presented being January 1, 2022, an adjustment of RMB2,012 million was recognized to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resultant deferred tax assets and deferred tax liabilities met the setoff provisions and would be presented on a net basis on the consolidated balance sheet. Since the Group had considered the lease as a single transaction in which the assets and liabilities are integrally linked and recognized deferred income tax on a net basis previously, there were no impact on opening retained earnings upon the adoption of the amendments.

(ii) Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" have been issued on May 23, 2023 and are effective for the financial year beginning on or after January 1, 2023. The Group has adopted the amendments and applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development. The Group would continually evaluate the impact of the amendments on the consolidated financial statements.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(b) Amendments not yet adopted

Certain amendments as set out below have been issued but are not yet effective for the financial year beginning on January 1, 2023 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group's consolidated financial position and performance.

Amendments	Effective for financial years beginning on or after
Classification of Liabilities as Current or Non-current — Amendments to IAS 1	January 1, 2024
Lease Liability in a Sale and Leaseback — Amendments to IFRS 16	January 1, 2024
Non-current Liabilities with Covenants — Amendments to IAS 1	January 1, 2024
Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7	January 1, 2024
Lack of Exchangeability — Amendments to IAS 21	January 1, 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28	To be determined

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(c) Voluntary change of presentation of cash flows related to notes payable transaction

The Group has entered into arrangements with its suppliers and certain banks since 2022, under which the payable to suppliers is settled through notes, whose payment is guaranteed by the banks. When the suppliers further discount the notes from the contracted banks, they get cash from the banks on behalf of the Group on an agreed date, with discount interests borne and paid by the Group. The Group undertakes the obligation to make payment to the contracted banks, thus derecognizes the payable that owes its suppliers and recognizes a payable that owes the contracted banks, which is presented as notes payable under "other payables and accruals" upon the settlement with the suppliers. The Group repays the banks the principal on the maturity date of the notes.

In prior years, the Group presented the cashflow reflecting the actual cash movement in its bank accounts in accordance with the cash flows definition in IAS 7. De-recognition of the payable that the Group owed its suppliers and recognition of a note payable that it owed the banks was disclosed as a non-cash transaction as there were no cash movements in the Group's bank accounts. Cash payment to the banks when the notes matured was presented as financing cash outflow in the consolidated statement of cash flows.

Although cash flows are generally seen as movements in the entity's bank account, however, given IAS 7 does not provide any explicit guidance on whether a cash flow occurred for the buyer in circumstances that another party makes a payment on the entity's behalf, entities might consider a cash flow occur even though the cash does not flow through the entity's bank account if the entity directs another party to transfer the cash on its behalf.

Considering the increased scale of such arrangements in 2023, in order to provide more relevant information related to such arrangements, the Group has voluntarily changed the presentation of cash flows to include the cash flows that in substance occur for the Group in the transactions where the Group directs the contracted banks to pay the suppliers on the Group's behalf. After the change, when the banks pay the payable the Group owes its suppliers on its behalf, the Group presents a financing cash inflow and an operating, investing or financing cash outflow related to the affected payable the Group owes its suppliers. Presentation of cash paid to the banks when the notes mature remains the same as financing cash outflow. The change in presentation of cash flows has no impact on the total net cash movement of the Group, nor on the financial position and profit or loss of the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(c) Voluntary change of presentation of cash flows related to notes payable transaction (Continued)

The voluntary change has been applied retrospectively and comparative figures have been adjusted accordingly.

	Year ended December 31, 2023		
	Before change in presentation *RMB'Million*	(Decrease)/ increase *RMB'Million*	As reported *RMB'Million*
Consolidated statement of Cash flows (extract)			
Cash flows from operating activities			
Cash generated from operations	27,188	(5,184)	22,004
Net cash generated from operating activities	25,965	(5,184)	20,781
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	(3,124)	(1,773)	(4,897)
Net cash used in investing activities	(18,092)	(1,773)	(19,865)
Cash flows from financing activities			
Payments for principal elements of lease and related interests	(2,884)	(567)	(3,451)
Proceeds received under notes payable transaction	—	7,524	7,524
Net cash used in financing activities	(8,321)	6,957	(1,364)
Net decrease in cash and cash equivalents	(448)	—	(448)

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(c) Voluntary change of presentation of cash flows related to notes payable transaction (Continued)

	Year ended December 31, 2022		
	As previously reported *RMB'Million*	(Decrease)/ increase *RMB'Million*	As adjusted *RMB'Million*
Consolidated statement of Cash flows (extract)			
Cash flows from operating activities			
Cash generated from operations	3,188	(1,403)	1,785
Net cash generated from operating activities	2,198	(1,403)	795
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	(4,620)	(480)	(5,100)
Net cash used in investing activities	(17,548)	(480)	(18,028)
Cash flows from financing activities			
Payments for principal elements of lease and related interests	(3,360)	(26)	(3,386)
Proceeds received under notes payable transaction	—	1,909	1,909
Net cash used in financing activities	(4,482)	1,883	(2,599)
Net decrease in cash and cash equivalents	(19,832)	—	(19,832)

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

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

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

• Buildings	19–49 years
• Servers, computers and equipment	3–4 years
• Office equipment	3–5 years
• Leasehold improvements	The shorter of the term of the lease or the estimated useful lives of the assets

Property and equipment arising from business acquisition is depreciated over the remaining useful life.

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

Construction in progress represents buildings and leasehold improvements under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to appropriate categories of property and equipment when completed and ready for use.

A carrying amount of property and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate purchase consideration transferred, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately in profit or loss as an expense and is not subsequently reversed.

(b) Trademarks and domain names, licenses and copyrights, software

Separately acquired trademarks, domain names, internet audio/video program transmission licenses, operating licenses, copyrights and software are initially recognized and measured at historical cost. The assets acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization and impairment losses (if any).

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For details, refer to Note 2.1.3(d).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets (Continued)

(c) Other intangible assets

Other intangible assets mainly include customer relationships and non-compete agreements. They are initially recognized and measured at estimated fair value of intangible assets acquired through business combinations.

(d) Research and development

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets for the years ended December 31, 2023 and 2022.

(e) Amortization methods and periods

Length of estimated useful life is determined to be the shorter of the period of contractual rights or estimated period during which such intangible assets can bring economic benefits to the Group.

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

Licenses and copyrights	2–10 years	Shorter of contractual license and copyrights period or the estimated period during which such intangible assets can bring economic benefits
Trademarks and domain name	2–10 years	The period of effective registration during which such trademark and domain name can bring economic benefits
Software	2–7 years	Shorter of the period of contractual rights or estimated period during which such software can bring economic benefits
Others	3–4 years	Shorter of the period of contractual rights or estimated period during which such assets can bring economic benefits

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.4 Impairment of non-financial assets

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

2.1.5 Investments and other financial assets

(a) Classification

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

- those to be measured at fair value (either through other comprehensive income ("**OCI**") or through profit or loss); and
- those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(b) Recognition and derecognition

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

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments (Continued)

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

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value, except the investment accounted for using equity method. Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses), net in the consolidated income statement as applicable.

(d) Impairment

The Group has two types of financial assets that are subject to IFRS 9's expected credit losses (the "**ECL**") model (Note 3.1(b)):

- Trade receivables; and
- Other receivables.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. While cash and cash equivalents, restricted cash, time deposits and other financial assets at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.6 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 21 for further information about the Group's accounting for trade receivables and Note 2.1.5 (d) for a description of the Group's impairment policies.

2.1.7 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and structured entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.7 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

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

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

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

Current and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity.

2.1.8 Share-based compensation

The Group has operated the Pre-IPO ESOP Plan, the Post-IPO Share Option Scheme, the Post-IPO RSU Scheme and 2023 Share Incentive Scheme (together, the "**Share Incentive Plan**"), under which the Group receives services from employees, directors and other eligible persons as consideration for equity instruments (including share options and RSUs) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated income statement.

(a) Share options

For share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using Binomial models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.8 Share-based compensation (Continued)

(b) RSUs

For RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, using accelerated method. Under this method, each vesting installment of a graded vesting award is treated as a separate share-based award, and accordingly each vesting installment is separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses. At the end of each period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

2.1.9 Revenue recognition

The Group derives revenue from online marketing services, sales of virtual items on its live streaming platform and other services. The Group recognizes revenue when or as the control of the promised goods or services is transferred to a customer, net of value-added taxes ("**VAT**"), rebates and certain sales incentives. If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources

(i) Online marketing services

The Group offers diversified online marketing solutions, primarily including performance-based marketing services that are based on actual performance measurement and display-based marketing services that are display of marketing contents for an agreed period of time. The Group provides rebates to customers including agencies based on contracted rebate rates and estimated revenue volume, which are accounted for as variable consideration. Revenue is recognized based on the price charged to customers, net of rebates provided to customers.

To fulfill contracts with certain customers, the Group enters into cooperation agreements with third party platforms and places the marketing contents of the Group's customers displayed on third party platforms. For above services mentioned, the Group is the principal for fulfilling these marketing service contracts as it has obtained controls over third party platform services through cooperation contracts and, in some cases, integrated with other services before they are transferred to the Group's customers. The Group is also primarily responsible for fulfilling these marketing services as it is the only party that the Group's customers entered agreements with. As such, the Group recognizes revenues from contracts with customers on a gross basis and records charges from third party platforms as cost of revenues.

Performance-based marketing services

The Group provides performance-based marketing services which allow customers to promote on the Group's mobile platforms and third parties' internet properties. Performance-based marketing services are primarily presented and delivered in the way of short video or live streaming exposure with clickable thumbnails or marketing contents. Revenue from performance-based marketing services is recognized when relevant specific performance measures are fulfilled.

Display-based marketing services

Display-based marketing services allow customers to promote in the form of opening-page splash, traditional banners and logos, etc. on various interfaces of the platform. The revenue is recognized ratably over the period that the marketing content is displayed. Generally, the terms of these display-based marketing services are short.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources (Continued)

(ii) Live streaming

The Group operates and maintains mobile platforms whereby users can enjoy live stream performances provided by the live streamers (the "**streamers**") and interact with the streamers on a real-time basis for free. The Group operates a virtual item system, under which viewers can purchase virtual items and present them as gifts to streamers to show their support and appreciation. The Group generates revenues from the sales of virtual items on the platform, and viewers are the Group's customers. The virtual items are produced and delivered by the Group. Sales of virtual items are recognized as revenues when the virtual items are gifted by viewers to streamers as the Group has no further obligations related to virtual items once they are gifted to streamers. The proceeds received from the sales of virtual items before they are gifted by viewers to streamers are recorded as advances from customers.

In order to attract streamers to the platforms, the Group shares revenues with the streamers in accordance with the agreements between the Group and streamers.

The Group has evaluated and concluded that it is the principal for the sales of the virtual items on the platforms. The Group produces and controls virtual items before they are transferred to customers. The prices of virtual items are set by the Group. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognized as "cost of revenues" in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources (Continued)

(iii) Other services

Other services revenues primarily include revenues from e-commerce business, online games and other value-added services. For the e-commerce business, the Group allows merchants to promote and sell goods on its platform and charges commissions on the sales of goods completed through its platform based on agreed commission rates. The Group does not take controls of goods sold through its platform. Commission revenues related to e-commerce business are recognized at a point in time when the underlying transaction is completed. For online games and other value-added services, revenues are recognized when the Group satisfied the performance obligations under the service contracts.

(b) Incentives and coupons

In order to promote its platform and attract more users, the Group at its own discretion provides various types of incentives offered to users in the form of cash incentives, red packets, coupons, etc. Evaluations of the varying features of different incentive programs are made to determine whether incentives offered represent consideration payable to customers. Such evaluations include the consideration of whether the users would be considered as customers of the Group.

The incentives are awarded to users upon their completion of certain tasks. The incentives are recorded as reduction of revenue if there is no distinct service identified and the incentives are related to past, current or future revenues, such as reward to customers, and coupons to be used in future transactions, etc. Incentives for distinct services received from the users such as inviting friends to download or log into Kuaishou's platforms, publishing or watching short videos which have marketing contents, etc., are recorded as selling and marketing expenses.

(c) Contract balances

When either party to a customer contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Contract balances include trade receivables and advances from customers.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Payment terms and conditions vary by contract and service type. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 *Revenue recognition (Continued)*

(d) Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

The revenue standard requires the Group to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the definition of incremental costs of obtaining a contract. However, the Group applies a practical expedient to expense the costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

(e) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group has applied the practical expedient of not to adjust any of the transaction prices for the time value of money.

2.1.10 *Earnings/(Loss) per share*

Basic earnings/(loss) per share is calculated by dividing:

(a) the earnings/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and

(b) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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

(a) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.11 Leases

The Group, as a lessee, leases internet data centers, office buildings and land. Lease contracts other than land are typically made for fixed periods of several months to ten years. Lease is recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise of lease of certain office spaces.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and consolidated balance sheet respectively.

(a) Subsidiaries controlled through Contractual Arrangements

In order to comply with the People's Republic of China ("**PRC**") laws and regulations which prohibit or restrict foreign ownership of companies involved in provision of internet content and other restricted businesses, the Group operates its website and other restricted businesses in the PRC through certain PRC operating entities, which are held by registered shareholders ("**Nominee Shareholders**"). The Group signed contractual arrangements with the PRC operating entities ("**Contractual Arrangements**"). The Contractual Arrangements include exclusive technical consultation and service agreements, exclusive option agreements, equity pledge agreements and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(b) Business combination

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

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

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

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from such remeasurement is recognized in profit or loss.

(c) Company's separate financial statements

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

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of convertible redeemable preferred shares are accounted as financial assets measured at fair value through profit or loss. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculated the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in "other gains/(losses), net" in the consolidated income statement.

Gains or losses on dilution of equity interest in the associate is recognized in the consolidated income statement. If the ownership interest in the associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company and certain of its overseas subsidiaries is USD. The Company's primary subsidiaries and structured entities are incorporated in the PRC and for these subsidiaries and structured entities, the RMB is the functional currency. The Group's presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement on a net basis within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gains or losses. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at FVPL are recognized in consolidated income statement as part of the "other gains/(losses), net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income or loss.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.4 *Foreign currency translation (Continued)*

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income or loss.

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

2.2.5 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2.6 *Cash and cash equivalents and restricted cash*

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank, time deposits with initial terms within three months, deposits held at call with banks and cash held in other financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

2.2.7 *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.2.8 *Accounts and other payables*

Accounts and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.9 *Employee benefits*

(a) Short-term obligations

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

(b) Pension obligations

The Group has a defined contribution plan in which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. Contributions to these plans are charged to the consolidated income statement as and when incurred and not reduced by contributions forfeited by those who leave the plans prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2.2.10 *Government grants*

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.11 *Finance income*

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 8 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.12 *Provisions*

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

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

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

2.2.13 *Dividend distribution*

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of the Group entities.

For the year ended December 31, 2023, most transactions of the Group were settled in RMB and USD, while a limited number of transactions was denominated in foreign currencies such as Brazilian real. Thus, the Group's business was not exposed to significant foreign exchange risk and the exposure was limited in general, as the Group has no significant assets or liabilities denominated in the currencies other than the respective functional currencies of the entities within the Group.

The Group managed its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tried to minimize these exposures through natural hedges, wherever possible and entered into several foreign exchange forward contracts with credible financial institutions. The Group will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate foreign exchange risks.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from time deposits, cash and cash equivalents, investments measured at amortized cost and notes payable. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of cash and cash equivalents and time deposits had been 50 basis points higher/lower, the profit before income tax for the year ended December 31, 2023 would have been RMB162.7 million higher/lower (2022: RMB147.3 million lower/higher of the loss before income tax).

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to equity price risk in respect of investments in listed and unlisted entities that are classified as FVPL. The Group is generally not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, time deposits, restricted cash, trade receivables, other receivables, other financial assets at amortized cost and investments in wealth management products and others classified as FVPL. The carrying amount of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

Trade and other receivables are managed on a group basis. The finance team is responsible for managing and analyzing the credit risk for each new customer/debtor before standard credit payment terms are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and other factors.

Cash and cash equivalents, time deposits, restricted cash, other financial assets at amortized cost and investments in wealth management products and others classified as FVPL are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

(ii) Impairment of financial assets

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables are estimated. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, 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, Gross Domestic Products and Producer Price Index of the PRC, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowances of trade receivables as of December 31, 2023 and 2022 were determined as follows:

	As of December 31,	
	2023	2022
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**2.09%**	0.72%
Gross carrying amount	**6,595**	6,333
Loss allowance provision	**138**	45

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

Impairment losses on trade receivables are presented as "administrative expenses" within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

On that basis, the loss allowances of other receivables as of December 31, 2023 and 2022 were determined as follows:

	As of December 31,	
	2023	2022
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**2.03%**	3.03%
Gross carrying amount	**2,270**	1,743
Loss allowance provision	**46**	53

(c) Liquidity risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB' Million*	Between 1 and 2 years *RMB' Million*	Between 2 and 5 years *RMB' Million*	Over 5 years *RMB' Million*	Total *RMB' Million*
As of December 31, 2023					
Accounts payables	23,601	—	—	—	23,601
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	11,363	—	—	—	11,363
Lease liabilities	3,388	3,330	4,869	1,505	13,092
Total	38,352	3,330	4,869	1,505	48,056
As of December 31, 2022					
Accounts payables	22,868	—	—	—	22,868
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	5,965	—	—	—	5,965
Lease liabilities	3,740	3,059	5,364	1,808	13,971
Total	32,573	3,059	5,364	1,808	42,804

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 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. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

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

	Level 1 *RMB'Million*	Level 2 *RMB'Million*	Level 3 *RMB'Million*	Total *RMB'Million*
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	60	—	—	60
— Investments in unlisted entities	—	—	2,609	2,609
— Wealth management products and others	—	333	27,371	27,704
	60	333	29,980	30,373

The following table presents the Group's financial assets that are measured at fair value at December 31, 2022:

	Level 1 *RMB'Million*	Level 2 *RMB'Million*	Level 3 *RMB'Million*	Total *RMB'Million*
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	94	—	—	94
— Investments in unlisted entities	—	—	2,876	2,876
— Wealth management products and others	—	430	13,313	13,743
	94	430	16,189	16,713

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 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. 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 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 determine the fair value of an instrument are observable, the instrument is included in level 2.

Level 2 instruments of the Group's assets were perpetual bonds measured at fair value through profit or loss in wealth management products and others.

(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 investments measured at fair value through profit or loss in unlisted entities (Note 20) and investments in wealth management products and others (excluding investments in perpetual bonds) (Note 20). As these level 3 instruments are not traded in an active market, their fair values have been determined by using various application valuation techniques, including market approach, etc.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022.

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2023	**16,189**
Additions	**61,263**
Disposals	**(47,997)**
Change in fair value through profit or loss*	**421**
Currency translation differences	**104**
At December 31, 2023	**29,980**
*Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the year	**19**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2022	11,583
Additions	43,934
Disposals	(39,771)
Change in fair value through profit or loss*	(215)
Currency translation differences	658
At December 31, 2022	16,189
*Includes unrealized losses recognized in profit or loss attributable to balances held at the end of the year	(447)

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Values as of December 31, 2023 RMB' Million	Fair Values as of December 31, 2022 RMB' Million	Significant unobservable inputs	Range of inputs as of December 31, 2023	Range of inputs as of December 31, 2022	Relationship of unobservable inputs to fair values
Investments in unlisted entities	2,609	2,876	Expected volatility	37%–83%	37%–106%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("**DLOM**")	6%–14%	5%–15%	The higher the DLOM, the lower the fair value
			Risk-free rate	2.30%–4.81%	2.10%–4.16%	The higher the risk-free rate, the lower the fair value
Wealth management products and others	27,371	13,313	Expected rate of return	2.73%–8.68%	0.15%–6.05%	The higher the expected rate of return, the higher the fair value

Investments in wealth management products were mainly the investment products purchased from reputable financial institutions in the PRC and international financial institutions outside of the PRC with floating rates. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. None of these investments are past due. The fair values are determined based on the expected rate of return (based on management judgment) and are within level 3 of the fair value hierarchy. From the perspective of cash management and risk control, the Group diversifies its investment portfolios and mainly purchases low-risk products from reputable financial institutions and prefers those products with high-liquidity.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the higher/(lower) of the profit before income tax for the year ended December 31, 2023 and the lower/(higher) of the loss before income tax for the year ended December 31, 2022 if the fair values of investments in listed and unlisted entities held by the Group had been 5% higher/lower.

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
5% higher	**133**	149
5% lower	**(133)**	(149)

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2023 and 2022.

The carrying amounts of the Group's financial assets that are not measured at fair value, including cash and cash equivalents, restricted cash, time deposits, trade receivables, other receivables, other current and non-current assets and other financial assets at amortized cost and the Group's financial liabilities that are not measured at fair value, including accounts payables, other payables and accruals, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

4 CRITICAL ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which will seldom equal the actual results. Management needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recognition of share-based compensation expenses

The Group set up the Share Incentive Plan and granted options and RSUs to employees, directors, and other eligible persons. The fair value of the options is determined by the binomial model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimates and assumptions, including forfeiture rate, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the Group (Note 27).

4.2 Estimation of the fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions including expected volatility, discount for lack of marketability, risk-free rate associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3 Credit loss allowances for trade receivables, other receivables and other assets

By reference to IFRS 9, the expected credit loss of trade receivables, other receivables and other assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.4 Recoverability of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including property and equipment, investments accounted for using the equity method, right-of-use assets and intangible assets other than the goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The assets are allocated to each of CGUs, or groups of CGUs. The recoverable amount of CGUs has been determined based on the higher amount of fair value less disposal cost model and value-in-use model. Under the fair value less disposal cost model, the management makes estimates based on quoted prices of active markets based on observable inputs. Under the value-in-use model, calculations require the use of assumptions and use cash flow projections based on financial forecast with an estimation of terminal value.

4.5 Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax asset in relation to (i) temporary differences (including but not limited to provisions and changes in fair values of financial asset); and (ii) unused tax losses had been recognized in the consolidated balance sheet. The realizability of the deferred tax asset mainly depends on whether sufficient future taxable profit or taxable temporary differences will be available in the future. The outcome of their actual utilization may be different from management's estimation.

4.6 Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent when a third-party is in the provision of certain services to its customers requires judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the contract, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. Refer to Note 2.1.9 for details.

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.7 Useful lives and depreciation of property and equipment

The Group's management determines the estimated useful lives and related depreciation for the Group's property and equipment based on the asset's expected utility to the Group. The asset management policy of the Group may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its physical life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the Group with similar assets.

4.8 Useful lives and amortization of intangible assets

The Group's management determines the estimated useful lives and related amortization for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortization charges where useful lives are different from that of previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortization expense in future periods.

5 SEGMENT INFORMATION

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Domestic
- Overseas

5 SEGMENT INFORMATION (CONTINUED)

5.1 Description of segments and principal activities (Continued)

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the years ended December 31, 2023 and 2022.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM. Share-based compensation expenses, other income and other gains/(losses), net are not allocated to individual operating segments.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or to evaluate the performance of the operating segments.

	Year ended December 31, 2023			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	111,186	2,284	—	113,470
Cost of revenues and operating expenses	(99,784)	(5,073)	—	(104,857)
Unallocated items	—	—	(2,182)	(2,182)
Operating profit/(loss)	11,402	(2,789)	(2,182)	6,431

5 SEGMENT INFORMATION (CONTINUED)

5.1 Description of segments and principal activities (Continued)

	Year ended December 31, 2022			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	93,558	625	—	94,183
Cost of revenues and operating expenses	(93,366)	(7,263)	—	(100,629)
Unallocated items	—	—	(6,112)	(6,112)
Operating profit/(loss)	192	(6,638)	(6,112)	(12,558)

5.2 Segment assets

As of December 31, 2023 and 2022, substantially all of the Group's non-current assets other than certain financial instruments and investments accounted for using the equity method were located in the PRC.

6 REVENUES

The breakdown of revenues for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023 ***RMB'Million***	2022 *RMB'Million*
Online marketing services	**60,304**	49,042
Live streaming	**39,054**	35,388
Other services	**14,112**	9,753
	113,470	94,183

6 REVENUES (CONTINUED)

The breakdown of revenues for timing of revenue recognition is as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Revenue recognized at a point in time	**110,808**	91,230
Revenue recognized over time	**2,662**	2,953
	113,470	94,183

There is no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the years ended December 31, 2023 and 2022.

7 OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Government grants and value-added tax preferences	**923**	1,526
Others	**55**	21
	978	1,547

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Net fair value gains/(losses) on financial assets at fair value through profit or loss		
— Investments in listed and unlisted entities	**(302)**	(586)
— Wealth management products and others	**686**	285
Net gains/(losses) on disposal of property and equipment, intangible assets and right-of-use assets	**87**	(8)
Net foreign exchange gains	**8**	33
Dilution loss *(Note 19)*	**—**	(97)
Impairment provision for investments *(Note 19)*	**—**	(1,006)
Others	**(69)**	(31)
	410	(1,410)

9 EXPENSES BY NATURE

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Revenue sharing costs and related taxes	**34,957**	30,924
Promotion and marketing expenses	**33,802**	34,347
Employee benefit expenses *(Note 10)*	**18,334**	20,260
Bandwidth expenses and server custody costs	**5,987**	6,624
Depreciation of property and equipment	**3,989**	3,212
Depreciation of right-of-use assets *(Note a)*	**3,065**	3,222
Amortization of intangible assets	**148**	140
Payment processing costs	**2,569**	1,946
Outsourcing and other labor costs	**1,147**	1,377
Auditor's remuneration		
— Audit services	**30**	30
— Non-audit services	**12**	13
Other professional fees	**221**	256
Tax surcharges	**710**	983
Credit loss allowances on financial assets	**93**	35
Others *(Note b)*	**3,363**	3,509
	108,427	106,878

9 EXPENSES BY NATURE (CONTINUED)

Note a: The depreciation of right-of-use assets included the expenses related to leases of internet data centers, office buildings and land with a term of over one year.

Note b: Others mainly comprise content-related costs, traveling and communication fees and office facilities fees.

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Wages, salaries and bonuses	**12,093**	11,467
Share-based compensation expenses	**3,570**	6,249
Pension costs-defined contribution plans *(Note a)*	**969**	907
Other social security costs, housing benefits and other employee benefits	**1,702**	1,637
	18,334	20,260

Note a: Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contributions were utilized by the Group to reduce its contributions to these schemes for the years ended December 31, 2023 and 2022.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2023 include one director (2022: Nil). The emoluments to the five highest paid individuals for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Wages and salaries	**20,727**	19,735
Discretionary bonuses	**18,566**	19,768
Share-based compensation expenses	**498,229**	719,258
Pension costs-defined contribution plans	**269**	219
Other social security costs, housing benefits and other employee benefits	**414**	368
	538,205	759,348

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2023	2022
HK$87,500,001 to HK$88,000,000	**1**	—
HK$110,500,001 to HK$111,000,000	**1**	—
HK$128,000,001 to HK$128,500,000	**1**	—
HK$133,500,001 to HK$134,000,000	**1**	—
HK$137,000,001 to HK$137,500,000	**1**	—
HK$145,000,001 to HK$145,500,000	**—**	1
HK$148,500,001 to HK$149,000,000	**—**	1
HK$173,000,001 to HK$173,500,000	**—**	1
HK$206,000,001 to HK$206,500,000	**—**	1
HK$210,500,001 to HK$211,000,000	**—**	1
	5	5

All of these individuals have not received any emolument from the Group as an inducement to join or upon joining the Group, and have not received any compensation for loss of office for the years ended December 31, 2023 and 2022.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors

The remuneration of every director and the chief executive is set out below:

For the year ended December 31, 2023:

Name	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Pension costs-defined contribution plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Chairman							
CHENG Yixiao *(Note a)*	—	4,864	4,500	114,208	63	89	123,724
Executive Director							
SU Hua *(Note b)*	—	5,046	—	—	63	89	5,198
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
LIN Frank	—	—	—	—	—	—	—
WANG Huiwen *(Note c)*	263	—	—	—	—	—	263
SHEN Dou *(Note d)*	—	—	—	—	—	—	—
Independent non-executive Directors							
HUANG Sidney Xuande	574	—	—	—	—	—	574
MA Yin	574	—	—	—	—	—	574
XIAO Xing *(Note e)*	203	—	—	—	—	—	203
WANG Huiwen *(Note c)*	180	—	—	—	—	—	180
Total	1,794	9,910	4,500	114,208	126	178	130,716

Note a: Mr. CHENG Yixiao was appointed as the Chairman with effect from October 29, 2023. During the years of 2023 and 2022, the exercise prices of share options granted to Mr. CHENG Yixiao were HK$66.46 and HK$59.40 respectively, of which the exercise prices were all above HK$55. Under IFRS 2, the accelerated approach is required to recognize compensation expenses for equity awards. For detailed grant information, please refer to the Company's announcements dated March 30, 2023 and April 14, 2022.

Note b: Mr. SU Hua waived his discretionary bonus entitlement for the year ended December 31, 2023, and agreed to waive his discretionary bonus entitlement from the Company for the year ending December 31, 2024.

Note c: Mr. WANG Huiwen was re-designated from an independent non-executive Director to a non-executive Director with effect from May 15, 2023.

Note d: Dr. SHEN Dou resigned with effect from September 13, 2023.

Note e: Prof. XIAO Xing was appointed with effect from September 13, 2023.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

For the year ended December 31, 2022:

Name	Fees *RMB'000*	Wages and salaries *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Pension costs-defined contribution plans *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
Chairman							
SU Hua *(Note a)*	—	4,310	750	—	58	81	5,199
Executive Director							
CHENG Yixiao	—	4,114	4,125	39,841	58	81	48,219
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
SHEN Dou	—	—	—	—	—	—	—
LIN Frank	—	—	—	—	—	—	—
Independent non- executive Directors							
WANG Huiwen	417	—	—	—	—	—	417
HUANG Sidney Xuande	417	—	—	—	—	—	417
MA Yin	417	—	—	—	—	—	417
Total	1,251	8,424	4,875	39,841	116	162	54,669

Note a: Mr. SU Hua waived a substantial portion of his discretionary bonus for the year ended December 31, 2022.

(i) Benefits and interests of directors

There is no other benefits and interests offered to directors except above.

(ii) Directors' retirement and termination benefits

No director's (including former director(s)) retirement and termination benefit subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2022.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

(iii) Consideration provided to or receivable by third parties for making available directors' services

No consideration provided to or receivable by third parties for making available director's services subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2022.

(iv) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors

No loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors was subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2022.

(vi) Inducement to join the Group and compensation for loss of office

No director received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office for the years ended December 31, 2023 and 2022.

11 FINANCE INCOME, NET

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Finance income:		
Interest income from bank deposits	**1,116**	732
Others	**—**	3
	1,116	735
Finance expense:		
Interest expense from lease liabilities	**(495)**	(549)
Others	**(82)**	(20)
	(577)	(569)
Finance income, net	**539**	166

12 SUBSIDIARIES

The Company's major subsidiaries (including controlled and structured entities) during the year ended December 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of operation.

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/paid-in capital	Effective interest held as of December 31, 2023	Principal activities
Subsidiaries					
Directly held:					
Fortune Ever Global Limited	Hong Kong, limited liability company	March 25, 2014	HKD10,000	100%	Investment holding and investment
Cosmic Blue Investments Limited	British Virgin Islands, limited liability company	March 16, 2017	—	100%	Investment holding and investment
Indirectly held:					
Joyo Technology PTE. LTD.	Singapore, limited liability company	August 3, 2016	USD1	100%	Development of software, provision of programming and advertising services
Beijing Dajia Internet Information Technology Co., Ltd.*	Beijing, China, limited liability company	July 2, 2014	RMB32,462,238,241	100%	Development of software, hardware and network technology
Beijing Kuaishou Ads Co., Ltd.	Beijing, China, limited liability company	September 23, 2016	RMB60,000	100%	Provision of online marketing and other services
Chengdu Magnetic Engine Media Co., Ltd.	Sichuan, China, limited liability company	September 25, 2020	RMB150,000,000	100%	Provision of online marketing services
Hainan Kuaishou Kuailian Information Technology Co., Ltd.	Hainan, China, limited liability company	May 12, 2021	—	100%	Provision of online marketing services
Huai'an Kuaishou Kuailian Information Technology Co., Ltd.	Jiangsu, China, limited liability company	July 13, 2022	—	100%	Provision of online marketing services

12 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/paid-in capital	Effective interest held as of December 31, 2023	Principal activities
Structured entities *(Note a)*					
Beijing Kuaishou Technology Co., Ltd.	Beijing, China, limited liability company	March 20, 2015	RMB10,101,010	99%	Provision of live-streaming and online marketing services
Huai'an Kangxiangfu Culture Communication Co., Ltd.	Jiangsu, China, limited liability company	January 9, 2017	—	100%	Provision of internet information services
Beijing Chenzhong Technology Co., Ltd.	Beijing, China, limited liability company	July 6, 2017	RMB2,015,000	100%	Provision of online marketing and other services
Chengdu Kuaigou Technology Co., Ltd.	Sichuan, China, limited liability company	October 31, 2019	—	100%	Provision of e-commerce and other services
Beijing Shunjie Zhongheng Technology Co., Ltd.	Beijing, China, limited liability company	July 5, 2021	—	100%	Provision of technology development and other services
Huai'an Kuaishou Shuangxin Culture Communication Co., Ltd.	Jiangsu, China, limited liability company	August 7, 2020	—	100%	Provision of internet information services

* Registered as wholly foreign-owned enterprise under PRC law.

Note a: As described in Note 2.2.1, the Company does not have directly or indirectly legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with these structured entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over these structured entities, receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, they are presented as consolidated structured entities of the Company.

13 INCOME TAX

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) British Virgin Islands ("BVI")

The Group's entities established under the International Business Companies Acts of the BVI are exempted from BVI income tax.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

(d) PRC Enterprise Income Tax

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2023 and 2022, based on the existing legislation, interpretation and practices in respect thereof.

Beijing Dajia Internet Information Technology Co., Ltd. was accredited as High and New Technology Enterprises enabling it to enjoy a preferential tax rate of 15% from 2020 to 2022, and renewed this qualification in October 2023, hence it enjoys the preferential income tax rate of 15% from 2023 to 2025.

The State Taxation Administration of the PRC ("**STA**") announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**") until December 2023. The STA announced in September 2022 to increase the Super Deduction rate to 200% of their research and development expenses from October 1, 2022 to December 31, 2022. The STA further announced in March 2023 to increase the Super Deduction rate to 200% of their research and development expenses from January 1, 2023 onwards. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

13 INCOME TAX (CONTINUED)

(e) Withholding tax in mainland China ("WHT")

According to the New Corporate Income Tax Law, distribution of profits earned by companies 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 investor, 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 tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

The income tax expenses of the Group during the years ended December 31, 2023 and 2022 are analyzed as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Current income tax	**(1,508)**	(853)
Deferred income tax *(Note 31)*	**1,018**	(305)
Income tax expenses	**(490)**	(1,158)

13 INCOME TAX (CONTINUED)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in mainland China, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Profit/(loss) before income tax	**6,889**	(12,531)
Tax calculated at statutory income tax rate of 25% in mainland China	**(1,722)**	3,133
Tax effects of:		
— Effect of different tax rates in other jurisdictions	**(226)**	(691)
— Effect of preferential income tax rates of certain subsidiaries	**486**	107
— Tax losses and temporary deductible timing differences for which no deferred tax assets was recognized	**(800)**	(3,678)
— Expenses not deductible for income tax purposes	**(55)**	(595)
— Utilization of previously unrecognized deductible tax losses and temporary differences	**50**	13
— Super deduction for research and development expenses	**956**	544
— Income not subject to tax	**12**	9
— Recognition of deferred income tax assets previously unrecognized	**809**	—
	(490)	(1,158)

14 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2023	2022
Earnings/(loss) attributable to equity holders of the Company *(RMB millions)*	**6,396**	(13,690)
Weighted average number of ordinary shares in issue *(million shares)*	**4,314**	4,254
Basic earnings/(loss) per share *(expressed in RMB per share)*	**1.48**	(3.22)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the years ended December 31, 2023 and 2022, the Company had two categories of potential ordinary shares: share options and RSUs. As the Company incurred loss for the year ended December 31, 2022, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amount of diluted loss per share for the year ended December 31, 2022 was the same as basic loss per share.

	Year ended December 31,	
	2023	2022
Earnings/(loss) attributable to equity holders of the Company *(RMB millions)*	**6,396**	(13,690)
Weighted average number of ordinary shares in issue *(million shares)*	**4,314**	4,254
Adjustments for share options and RSUs *(million shares)*	**127**	—
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share *(million shares)*	**4,441**	4,254
Diluted earnings/(loss) per share *(expressed in RMB per share)*	**1.44**	(3.22)

15 PROPERTY AND EQUIPMENT

The detailed information of property and equipment during the years ended December 31, 2023 and 2022 is as below:

	Buildings *RMB'Million*	Servers, computers and equipment *RMB'Million*	Office equipment *RMB'Million*	Leasehold improvements *RMB'Million*	Construction in progress *RMB'Million*	Total *RMB'Million*
At January 1, 2023						
Cost	2,741	21,487	76	574	824	25,702
Accumulated depreciation	(138)	(11,956)	(39)	(354)	—	(12,487)
Net book amount	2,603	9,531	37	220	824	13,215
Year ended December 31, 2023						
Opening net book amount	2,603	9,531	37	220	824	13,215
Currency translation differences	—	8	—	1	—	9
Additions	—	2,927	34	41	178	3,180
Transfers	298	—	—	602	(900)	—
Disposals	—	(14)	(2)	(43)	—	(59)
Depreciation charge	(144)	(3,643)	(22)	(180)	—	(3,989)
Closing net book amount	2,757	8,809	47	641	102	12,356
At December 31, 2023						
Cost	3,039	24,153	101	965	102	28,360
Accumulated depreciation	(282)	(15,344)	(54)	(324)	—	(16,004)
Net book amount	2,757	8,809	47	641	102	12,356
At January 1, 2022						
Cost	2,542	16,852	65	489	467	20,415
Accumulated depreciation	—	(9,108)	(21)	(235)	—	(9,364)
Net book amount	2,542	7,744	44	254	467	11,051
Year ended December 31, 2022						
Opening net book amount	2,542	7,744	44	254	467	11,051
Currency translation differences	—	47	—	5	—	52
Additions	76	4,635	13	42	617	5,383
Transfers	123	—	—	126	(249)	—
Disposals	—	(4)	(1)	(43)	(11)	(59)
Depreciation charge	(138)	(2,891)	(19)	(164)	—	(3,212)
Closing net book amount	2,603	9,531	37	220	824	13,215
At December 31, 2022						
Cost	2,741	21,487	76	574	824	25,702
Accumulated depreciation	(138)	(11,956)	(39)	(354)	—	(12,487)
Net book amount	2,603	9,531	37	220	824	13,215

15 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Cost of revenues	**3,644**	2,870
Selling and marketing expenses	**50**	41
Administrative expenses	**52**	100
Research and development expenses	**243**	201
	3,989	3,212

16 LEASE

(a) Items recognized in the consolidated balance sheet

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Right-of-use assets		
Internet data centers	**8,261**	8,104
Office buildings	**2,111**	2,674
Land use rights	**27**	28
	10,399	10,806

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Lease liabilities		
Current	**3,327**	3,475
Non-current	**8,405**	8,721
	11,732	12,196

Additions and modifications to the right-of-use assets for the year ended December 31, 2023 was approximately RMB4.2 billion (2022: RMB2.3 billion). Refer to Note 32(c) for details.

16 LEASE (CONTINUED)

(b) Items recognized in the consolidated income statement and consolidated statement of cash flows

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Depreciation charge of right-of-use assets		
— Internet data centers	**2,546**	2,496
— Office buildings	**518**	725
— Land use rights	**1**	1
Interest expense (included in finance income, net)	**495**	549
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	**127**	170
	3,687	3,941

The total cash outflows for leases (not including those for short-term leases which has been included as cash outflows from operating activities) in 2023 was approximately RMB3.5 billion (2022: RMB3.4 billion).

17 INTANGIBLE ASSETS

The detailed information of intangible assets during the years ended December 31, 2023 and 2022 is as below:

	Goodwill *(Note a)* *RMB'Million*	Licenses and copyrights *RMB'Million*	Trademarks and domain name *RMB'Million*	Software *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2023						
Cost	845	662	16	124	10	1,657
Accumulated amortization and impairment	—	(431)	(8)	(86)	(9)	(534)
Net book amount	845	231	8	38	1	1,123
Year ended December 31, 2023						
Opening net book amount	845	231	8	38	1	1,123
Currency translation differences	—	—	—	—	—	—
Additions	—	44	—	54	—	98
Amortization charge	—	(107)	(1)	(39)	(1)	(148)
Closing net book amount	845	168	7	53	—	1,073
At December 31, 2023						
Cost	845	706	16	178	10	1,755
Accumulated amortization and impairment	—	(538)	(9)	(125)	(10)	(682)
Net book amount	845	168	7	53	—	1,073
At January 1, 2022						
Cost	845	589	10	112	10	1,566
Accumulated amortization and impairment	—	(320)	(5)	(61)	(8)	(394)
Net book amount	845	269	5	51	2	1,172
Year ended December 31, 2022						
Opening net book amount	845	269	5	51	2	1,172
Currency translation differences	—	—	—	—	—	—
Additions	—	73	6	12	—	91
Amortization charge	—	(111)	(3)	(25)	(1)	(140)
Closing net book amount	845	231	8	38	1	1,123
At December 31, 2022						
Cost	845	662	16	124	10	1,657
Accumulated amortization and impairment	—	(431)	(8)	(86)	(9)	(534)
Net book amount	845	231	8	38	1	1,123

17 INTANGIBLE ASSETS (CONTINUED)

Note a: For the purpose of impairment test of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose. The Group has two CGUs for the years ended December 31, 2023 and 2022. The management allocated all goodwill to its domestic CGU as the goodwill is only attributable to the domestic business.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2023 and 2022 according to IAS 36 "Impairment of assets". The Group conducted the annual impairment test on goodwill by comparing the recoverable amount to the carrying amount as of December 31, 2023 and 2022. The recoverable amount is determined based on the higher amount of value-in-use calculations and fair value less costs of disposal. As the recoverable amount was higher than the carrying amount, no impairment for the CGU was recorded.

Amortization expenses have been charged to the consolidated income statement as follow:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Cost of revenues	**88**	95
Selling and marketing expenses	**—**	1
Administrative expenses	**26**	28
Research and development expenses	**34**	16
	148	140

18 FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by category as of December 31, 2023 and 2022 is as below:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Assets as per consolidated balance sheet		
Financial assets measured at fair value through profit or loss:		
— Investments in listed entities	**60**	94
— Investments in unlisted entities	**2,609**	2,876
— Wealth management products and others	**27,704**	13,743
Financial assets measured at amortized cost:		
— Trade receivables	**6,457**	6,288
— Prepayments, other receivables and other current assets (excluding prepaid promotion and marketing fees, recoverable VAT and other tax prepayments, rental prepayments, prepaid content cost and license fee and other prepayments)	**2,089**	1,234
— Other financial assets at amortized cost	**1,233**	1,396
— Other non-current assets	**135**	456
— Time deposits	**19,639**	16,188
— Restricted cash	**128**	59
— Cash and cash equivalents	**12,905**	13,274
Total	**72,959**	55,608

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Liabilities as per consolidated balance sheet		
Financial liabilities measured at amortized cost:		
— Accounts payables	**23,601**	22,868
— Other payables and accruals (excluding employee benefit payables, and other taxes payable)	**11,363**	5,965
— Lease liabilities	**11,732**	12,196
Total	**46,696**	41,029

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Investments in an associate accounted for using the equity method		
— Listed entity	**214**	268

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
At the beginning of the year	**268**	1,411
Share of loss	**(81)**	(139)
Currency translation differences	**6**	50
Impairment provision *(Note 8)*	**—**	(1,006)
Dilution loss *(Note 8)*	**—**	(97)
Share of other comprehensive income *(Note 25)*	**14**	—
Share of other changes in net assets *(Note 25)*	**7**	49
At the end of the year	**214**	268

During the year ended December 31, 2023, there were no indicators for impairment of the investment, so no impairment loss has been recognized (2022: the Group made an impairment provision of approximately RMB1.0 billion, where the recoverable amount was determined using fair value less costs of disposal).

20 INVESTMENTS

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Non-current assets		
Financial assets at fair value through profit or loss		
— Investments in unlisted entities	**2,609**	2,876
— Investment in a listed entity	**52**	78
— Wealth management products and others	**2,584**	672
	5,245	3,626
Other financial assets at amortized cost *(Note a)*	**283**	670
	5,528	4,296
Current assets		
Financial assets at fair value through profit or loss		
— Investment in a listed entity	**8**	16
— Wealth management products and others	**25,120**	13,071
	25,128	13,087
Other financial assets at amortized cost *(Note a)*	**950**	726
	26,078	13,813
Total	**31,606**	18,109

Movements in financial assets at fair value through profit or loss are as below:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
At the beginning of the year	**16,713**	12,143
Additions	**61,263**	44,111
Disposals	**(48,101)**	(39,956)
Change in fair value through profit or loss	**384**	(301)
Currency translation differences	**114**	716
At the end of the year	**30,373**	16,713

20 INVESTMENTS (CONTINUED)

Note a: Investments measured at amortized cost are mainly debt securities in USD, which are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is recorded in other income using the effective interest rate method. None of these investments are past due.

21 TRADE RECEIVABLES

The detailed information of trade receivables as of December 31, 2023 and 2022 is as below:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Trade receivables from contracts with customers	**6,595**	6,333
Less: credit loss allowances	**(138)**	(45)
	6,457	6,288

The Group generally grants a credit period of 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Up to 3 months	**5,816**	5,790
Over 3 months	**779**	543
	6,595	6,333

Movements on the Group's allowance for credit loss of trade receivables are as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
At the beginning of the year	**(45)**	(26)
Additional provision	**(93)**	(19)
At the end of the year	**(138)**	(45)

22 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The detailed information of prepayments, other receivables and other current assets as of December 31, 2023 and 2022 is as below:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Recoverable VAT and other tax prepayments	**1,739**	2,046
Receivables from third parties	**1,818**	826
Prepaid promotion and marketing fees	**659**	458
Deposits	**161**	215
Prepaid content cost and license fee	**150**	164
Rental prepayments	**48**	50
Others	**358**	369
	4,933	4,128
Less: credit loss allowances	**(14)**	(22)
	4,919	4,106

23 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Cash at bank and held in other financial institutions	**9,446**	10,830
Time deposits with initial terms within three months	**3,459**	2,444
	12,905	13,274

23 CASH AND BANK BALANCES (CONTINUED)

(a) Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
RMB	**7,609**	8,889
USD	**4,432**	3,746
HKD	**744**	560
Others	**120**	79
	12,905	13,274

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
RMB	**126**	56
USD	**2**	3
	128	59

23 CASH AND BANK BALANCES (CONTINUED)

(c) Time deposits

Time deposits are denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
RMB	**14,706**	7,870
USD	**4,580**	7,754
HKD	**342**	564
Others	**11**	—
	19,639	16,188

24 SHARE CAPITAL

Authorized:

As of December 31, 2023 and 2022, the authorized share capital of the Company comprises 9,433,962,264 ordinary shares with par value of US$0.0000053 per share.

Issued:

	Number of ordinary shares *'Million*	Nominal value of ordinary shares *USD'Million*	Equivalent nominal value of ordinary shares *RMB'Million*	Share premium *RMB'Million*
At January 1, 2022	4,205	—	—	274,408
Exercise of share options and vesting of RSUs	89	—	—	65
At December 31, 2022	4,294	—	—	274,473
Exercise of share options and vesting of RSUs	**62**	**—**	**—**	**199**
Cancelation of shares	**(23)**	**—**	**—**	**(1,213)**
At December 31, 2023	**4,333**	**—**	**—**	**273,459**

25 OTHER RESERVES

The following table shows a breakdown of the balance sheet line item "other reserves" and the movements in these reserves during the years.

	Capital reserve *RMB'Million*	Share-based compensation *RMB'Million*	Currency translation differences *(Note a)* *RMB'Million*	Statutory surplus reserve *(Note b)* *RMB'Million*	Investments in associates *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2023	(364)	17,787	11,600	260	49	(93)	29,239
Share-based compensation	—	3,570	—	—	—	—	3,570
Exercise of share options and vesting of RSUs	—	—	—	—	—	—	—
Currency translation differences	—	—	348	—	—	—	348
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	14	—	14
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	7	—	7
Appropriations to statutory reserves	—	—	—	5	—	—	5
At December 31, 2023	(364)	21,357	11,948	265	70	(93)	33,183
At January 1, 2022	(364)	11,538	9,532	240	—	(93)	20,853
Share-based compensation	—	6,249	—	—	—	—	6,249
Exercise of share options and vesting of RSUs	—	—	—	—	—	—	—
Currency translation differences	—	—	2,068	—	—	—	2,068
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	—
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	49	—	49
Appropriations to statutory reserves	—	—	—	20	—	—	20
At December 31, 2022	(364)	17,787	11,600	260	49	(93)	29,239

Note a: Currency translation differences represent the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

Note b: In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserve fund can be capitalized as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.

26 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2023 and 2022.

27 SHARE-BASED COMPENSATION

On December 22, 2014, the board of directors of the Company approved the establishment of Pre-IPO ESOP Plan with the purpose of attracting, motivating, retaining and rewarding certain employees, directors and other eligible persons. Pre-IPO ESOP Plan is valid and effective for 10 years from the approval of the board of directors. The maximum number of shares that may be issued under Pre-IPO ESOP Plan shall be 312,661,648 of ordinary shares, which were adjusted to 509,616,655 ordinary shares in February 2015 and further to 711,946,697 ordinary shares in February 2018. Pre-IPO ESOP Plan permits the awards of options.

The Post-IPO Share Option Scheme and RSU Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021 to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them. The Post-IPO Share Option Scheme and RSU Scheme commenced on February 5, 2021 and was terminated upon the 2023 Share Incentive Scheme becoming unconditional and effective on June 23, 2023.

The 2023 Share Incentive Scheme was approved and adopted by the Shareholders on June 16, 2023, which shall be valid and effective for a period of ten years commencing from June 16, 2023. The purposes of the 2023 Share Incentive Scheme are to recognize and reward eligible participants for their contribution to the Group, to attract and retain best available personnel, and to encourage eligible participants to work towards enhancing the value of the Company and its shares.

Pre-IPO ESOP Plan

Share options granted to employees

The majority of share options have graded vesting terms, and will be vested from the grant date over 4 years on the condition that employees remain in service without any performance requirements.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the award agreement. The options are exercisable for a maximum period of 10 years after the date of grant.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Share options granted to employees (Continued)

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	**88,120,752**	**10.32**
Forfeited during the year	**(8,545,105)**	**19.88**
Exercised during the year	**(22,084,289)**	**0.52**
Outstanding as of December 31, 2023	**57,491,358**	**12.66**
Exercisable as of December 31, 2023	**44,417,778**	**16.29**

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2022	180,750,210	19.88
Forfeited during the year	(37,296,860)	71.27
Exercised during the year	(55,332,598)	0.47
Outstanding as of December 31, 2022	88,120,752	10.32
Exercisable as of December 31, 2022	50,193,544	17.13

The weighted average remaining contract life for outstanding share options was 5.78 years and 6.95 years as of December 31, 2023 and 2022, respectively. The weighted average price of the shares at the time these share options were exercised was HKD59.86 per share during the year ended December 31, 2023.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Fair value of share options

Before the IPO, the Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as the discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as of the grant date.

Post-IPO Share Option Scheme

Share options granted to employees

The share options have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	**83,431,558**	**67.67**
Granted during the year	**16,096,810**	**61.95**
Forfeited during the year	**(10,275,297)**	**63.21**
Exercised during the year	**(3,318,797)**	**62.25**
Outstanding as of December 31, 2023	**85,934,274**	**67.34**
Exercisable as of December 31, 2023	**35,864,337**	**65.95**

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Share options granted to employees (Continued)

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2022	—	—
Granted during the year	87,009,787	67.44
Forfeited during the year	(2,866,723)	62.30
Exercised during the year	(711,506)	62.30
Outstanding as of December 31, 2022	83,431,558	67.67
Exercisable as of December 31, 2022	11,457,210	64.66

The weighted average remaining contract life for outstanding share options was 4.31 years and 4.74 years as of December 31, 2023 and 2022, respectively. The weighted average price of the shares at the time these share options were exercised was HKD68.87 per share during the year ended December 31, 2023.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Fair value of share options

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Year ended December 31,	
	2023	2022
Fair value of ordinary shares *(HKD)*	**59.90–68.15**	43.55–85.25
Exercise price *(HKD)*	**59.40–72.63**	48.86–86.85
Risk-free interest rate	**2.98%–3.42%**	1.63%–4.07%
Dividend yield	**0.00%**	0.00%
Expected volatility	**62.7%–68.9%**	59.2%–69.3%
Expected terms	**6.8–7 years**	4–7 years

The risk-free interest rate is based on the yield to maturity of Hong Kong government bond with a term commensurate with the maturity of the share options as of the grant date. Given the limited trading period of the Company as of the grant date, the expected volatility is estimated based on the historical daily share price volatility of comparable companies and the Company itself with a time horizon close to the life to expiration of the share options. Dividend yield is based on management's estimation at the grant date.

The weighted average grant date fair value of granted share options was HKD34.18 per share and HKD32.12 per share for the years ended December 31, 2023 and 2022, respectively.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO RSU Scheme

RSUs granted to employees

The RSUs under the Post-IPO RSU Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the Post-IPO RSU Scheme and the respective weighted average grant date fair value are as below:

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	**128,560,217**	**93.51**
Granted during the year	**33,831,540**	**49.49**
Forfeited during the year	**(25,972,579)**	**96.45**
Vested during the year	**(32,746,579)**	**101.95**
Outstanding as of December 31, 2023	**103,672,599**	**75.74**

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2022	87,006,507	150.88
Granted during the year	80,389,196	58.89
Forfeited during the year	(13,903,817)	136.36
Vested during the year	(24,931,669)	158.19
Outstanding as of December 31, 2022	128,560,217	93.51

27 SHARE-BASED COMPENSATION (CONTINUED)

2023 Share Incentive Scheme

The RSUs under the 2023 Share Incentive Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the 2023 Share Incentive Scheme and the respective weighted average grant date fair value are as below:

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	—	—
Granted during the year	**15,580,769**	**62.13**
Forfeited during the year	**(505,907)**	**63.72**
Vested during the year	**(288)**	**64.40**
Outstanding as of December 31, 2023	**15,074,574**	**62.08**

The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date.

The share-based compensation expenses of RMB3.6 billion and RMB6.2 billion were recognized in the consolidated income statement for the years ended December 31, 2023 and 2022, respectively.

28 ACCOUNTS PAYABLES

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

	As of December 31,	
	2023 ***RMB'Million***	2022 *RMB'Million*
Up to 3 months	**16,447**	17,312
3 to 6 months	**2,479**	1,458
6 months to 1 year	**3,165**	3,358
Over 1 year	**1,510**	740
	23,601	22,868

29 OTHER PAYABLES AND ACCRUALS

The breakdown of other payables and accruals are as follows:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Refundable deposits from customers	**6,103**	4,542
Employee benefit payables	**4,662**	3,355
Collection on behalf of others	**777**	615
Notes payable *(Note a)*	**3,990**	738
Other taxes payable	**567**	870
Others	**493**	70
	16,592	10,190

Note a: This balance represented the amount the Group owed the banks. For more details, please refer to Note 2.1.1(c).

30 ADVANCES FROM CUSTOMERS

The breakdown of advances from customers are as follows:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Advances from online marketing services customers	**2,267**	1,623
Advances from live streaming customers	**1,698**	1,590
Others	**71**	27
	4,036	3,240

The above mentioned advances from customers mainly represented the contract liability in connection with the advanced cash receipts for online marketing services and advances for purchase of virtual items and other services. Revenue recognized from the advances from customers balance as of January 1, 2023 in the year of 2023 was RMB1.7 billion (2022: RMB1.9 billion was recognized from the advances from customers balance as of January 1, 2022).

31 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities before offsetting, the offsetting amount, as well as the deferred tax assets and liabilities after offsetting are as follows:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Deferred tax assets:		
To be recovered after 12 months	**3,792**	4,704
To be recovered within 12 months	**4,191**	2,339
	7,983	7,043
Deferred tax liabilities:		
To be settled after 12 months	**1,338**	1,325
To be settled within 12 months	**555**	646
	1,893	1,971
Offsetting amounts	**1,875**	1,948
Deferred tax assets after offsetting	**6,108**	5,095
Deferred tax liabilities after offsetting	**18**	23

The amounts of the deferred tax assets before offsetting are as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
At the beginning of the year	**7,043**	7,453
Credited/(debited) to the consolidated income statement	**940**	(410)
At the end of the year	**7,983**	7,043

31 DEFERRED INCOME TAX (CONTINUED)

The amounts of the deferred tax liabilities before offsetting are as follows:

	Year ended December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
At the beginning of the year	**1,971**	2,076
Credited to the consolidated income statement	**(78)**	(105)
At the end of the year	**1,893**	1,971

Deferred tax assets:

	Accrued liabilities and provisions *RMB'Million*	**Lease liabilities** *RMB'Million*	**Tax losses** *RMB'Million*	**Others** *RMB'Million*	**Total** *RMB'Million*
At January 1, 2023	**3,359**	**2,030**	**1,548**	**106**	**7,043**
Credited/(debited) to the consolidated income statement	**186**	**(61)**	**809**	**6**	**940**
At December 31, 2023	**3,545**	**1,969**	**2,357**	**112**	**7,983**
At January 1, 2022	3,989	2,095	1,296	73	7,453
(Debited)/credited to the consolidated income statement	(630)	(65)	252	33	(410)
At December 31, 2022	3,359	2,030	1,548	106	7,043

31 DEFERRED INCOME TAX (CONTINUED)

The unrecognized deferred tax assets for tax losses as of December 31, 2023 and 2022 are as the table below:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Deductible cumulative tax losses		
— To be carried forward indefinitely	**20,620**	17,975
— To be expired within following years*	**17,480**	15,851
	38,100	33,826
Unrecognized deferred tax assets:	**6,431**	5,659

* As of December 31, 2023, the deductible cumulative tax losses will expire within 10 years (2022: 15 years).

Deferred tax liabilities:

	Right-of-use assets *RMB'Million*	**Others** *RMB'Million*	**Total** *RMB'Million*
At January 1, 2023	**1,921**	**50**	**1,971**
Credited to the consolidated income statement	**(70)**	**(8)**	**(78)**
At December 31, 2023	**1,851**	**42**	**1,893**
At January 1, 2022	2,012	64	2,076
Credited to the consolidated income statement	(91)	(14)	(105)
At December 31, 2022	1,921	50	1,971

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2023	2022*
	RMB'Million	*RMB'Million*
Profit/(loss) before income tax	**6,889**	(12,531)
Adjustments for:		
Depreciation of property and equipment	**3,989**	3,212
Depreciation of right-of-use assets	**3,065**	3,222
Amortization of intangible assets	**148**	140
Credit loss allowances on financial assets	**93**	35
Impairment provision for investments	**—**	1,006
Dilution loss on investments accounted for using the equity method	**—**	97
Share-based compensation expenses	**3,570**	6,249
Net (gains)/losses on disposal of property and equipment, intangible assets and right-of-use assets	**(87)**	8
Net fair value (gains)/losses on financial assets at fair value through profit or loss	**(384)**	301
Share of losses of investments accounted for using the equity method	**81**	139
Dividends received	**—**	(2)
Interest income from financial assets measured at amortized cost	**(55)**	(20)
Finance (income)/expense, net	**(156)**	132
Net foreign exchange gains	**(8)**	(33)
Changes in working capital:		
— Increase in trade receivables	**(257)**	(1,853)
— Increase in prepayments, other receivables and other assets	**(764)**	(557)
— Increase in restricted cash	**(122)**	(3)
— Increase in accounts payables	**1,677**	2,246
— Increase/(decrease) in advances from customers	**785**	(338)
— Increase in other payables and accruals	**3,524**	333
— Increase in other non-current liabilities	**16**	2
Cash generated from operations	**22,004**	1,785

* Cash generated from operations for the year ended December 31, 2022 has been adjusted for the voluntary change in accounting policy as described in Note 2.1.1(c).

32 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Non-cash transactions are about the changes in accounts payable related to property and equipment and intangible assets addition described in Note 15 and Note 17, the additions as well as modifications of right-of-use assets and lease liabilities described in Note 16, the share-based compensation described in Note 27. Other than these, there were no other material non-cash investing and financing transactions for the years ended December 31, 2023 and 2022.

As described in Note 2.1.1(c), the Group has voluntarily changed the presentation of cash flows related to notes payable transactions. De-recognition of the payables that the Group owes its suppliers and recognition of a note payable that it owes the banks is no longer being presented as a non-cash transaction.

(c) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities			
	Notes payable *RMB'Million*	Liability from notes receivable factoring to banks *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2023	738	—	12,196	12,934
Financing cash flows				
— Payments for principal elements of lease and related interests	—	—	(3,451)	(3,451)
— Proceeds received under notes payable transaction	7,524	—	—	7,524
— Proceeds received from notes receivable factoring to banks	—	3,735	—	3,735
— Payments for principal of matured notes	(4,272)	(3,753)	—	(8,025)
Other changes				
— Increase in lease liabilities from entering into new leases	—	—	4,169	4,169
— Decrease in lease liabilities from disposal of right-of-use assets	—	—	(1,677)	(1,677)
— Interest on lease liabilities	—	—	495	495
— Interests on notes receivable factoring to banks	—	18	—	18
Liabilities from financing activities as of December 31, 2023	3,990	—	11,732	15,722

32 CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities generated from financing activities (Continued)

	Liabilities from financing activities		
	Notes payable *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2022	—	13,609	13,609
Financing cash flows			
— Payments for principal elements of lease and related interests	—	(3,386)	(3,386)
— Proceeds received under notes payable transaction	1,909	—	1,909
— Payments for principal of matured notes	(1,171)	—	(1,171)
Other changes			
— Increase in lease liabilities from entering into new leases	—	1,234	1,234
— Decrease in lease liabilities from disposal of right-of-use assets	—	(875)	(875)
— Lease modification	—	1,065	1,065
— Interests on lease liabilities	—	549	549
Liabilities from financing activities as of December 31, 2022	738	12,196	12,934

33 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of December 31,	
	2023	2022
	RMB'Million	*RMB'Million*
Property and equipment	**512**	542
Investments	**212**	223
Intangible assets	**3**	14
	727	779

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 subjected 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 years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the years ended December 31, 2023 and 2022, and/or balances with the Group as of December 31, 2023 and 2022, respectively.

Company	Relationship
Tencent Holdings Limited and its subsidiaries	One of the Company's shareholders
Zhihu Technology Limited and its subsidiaries	Investee of the Group
SHAREit Technology Holdings Inc. and its subsidiaries	Investee of the Group
Yixin Youxuan Information Technology (Shandong) Group Co., Ltd. and its subsidiaries	Investee of the Group

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

		Year ended December 31,	
		2023	2022
		RMB'Million	*RMB'Million*
(i)	Sales of services		
	Investees of the Group	**310**	195
	One of the Company's shareholders	**167**	56
		477	251

		Year ended December 31,	
		2023	2022
		RMB'Million	*RMB'Million*
(ii)	Purchases of services		
	Investees of the Group	**25**	52
	One of the Company's shareholders	**5,066**	4,146
		5,091	4,198

(c) Balances with related parties

		As of December 31,	
		2023	2022
		RMB'Million	*RMB'Million*
(i)	Prepayments and other receivables from related parties		
	One of the Company's shareholders	**422**	154
		422	154

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (Continued)

		As of December 31,	
		2023	2022
		RMB'Million	*RMB'Million*
(ii)	Trade receivables from related parties		
	Investees of the Group	**48**	22
	One of the Company's shareholders	**224**	21
		272	43

		As of December 31,	
		2023	2022
		RMB'Million	*RMB'Million*
(iii)	Accounts payables to related parties		
	Investees of the Group	**2**	7
	One of the Company's shareholders	**238**	1,017
		240	1,024

All the balances with related parties above were business operation related and were considered as trade in nature as of December 31, 2023 and 2022. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Wages and salaries	**21,579**	17,674
Discretionary bonuses	**14,739**	14,718
Share-based compensation expenses *(Note a)*	**233,578**	223,532
Pension costs-defined contribution plans	**324**	238
Other social security costs, housing benefits and other employee benefits	**424**	333
	270,644	256,495

Note a: Under IFRS 2, the accelerated method is required to recognize compensation expenses for equity awards. For the share-based compensation expenses of key management personnel in 2023 and 2022, approximately 80% and 70% was attributable to share options with the exercise price above HK$55.

35 CONTINGENCIES

As of December 31, 2023, the Group did not have any material contingent liabilities.

36 SUBSEQUENT EVENTS

There was no material subsequent events during the period from December 31, 2023 to the approval date of these consolidated financial statements by the Board on March 20, 2024.

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	Note	As of December 31, 2023 RMB'Million	2022 RMB'Million
ASSETS			
Non-current assets			
Investments in subsidiaries		**21,357**	18,001
Prepayments, other receivables and other non-current assets		**—**	23,629
		21,357	41,630
Current assets			
Prepayments, other receivables and other current assets		**73,484**	50,595
Short-term time deposits		**502**	—
Cash and cash equivalents		**61**	8
		74,047	50,603
Total assets		**95,404**	92,233
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*24*	**—**	—
Share premium	*24,37(b)*	**273,459**	274,473
Treasury shares	*37(b)*	**(88)**	—
Other reserves	*37(b)*	**36,845**	31,989
Accumulated losses	*37(b)*	**(214,823)**	(214,243)
Total equity		**95,393**	92,219
LIABILITIES			
Current liabilities			
Accounts payables		**8**	10
Other payables and accruals		**3**	4
		11	14
Total liabilities		**11**	14
Total equity and liabilities		**95,404**	92,233

CHENG Yixiao
Director

SU Hua
Director

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium *RMB'Million*	Treasury Shares *RMB'Million*	Share-based compensation *RMB'Million*	Currency translation differences *RMB'Million*	Capital reserve *RMB'Million*	Accumulated losses *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
As of January 1, 2023	**274,473**	**—**	**17,787**	**14,657**	**(362)**	**(214,243)**	**(93)**	**92,219**
Share-based compensation	—	—	3,570	—	—	—	—	3,570
Exercise of share options and vesting of RSUs	199	—	—	—	—	—	—	199
Currency translation differences	—	—	—	1,286	—	—	—	1,286
Repurchase of shares (to be canceled)	—	(1,301)	—	—	—	—	—	(1,301)
Cancelation of shares	(1,213)	1,213	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(580)	—	(580)
As of December 31, 2023	**273,459**	**(88)**	**21,357**	**15,943**	**(362)**	**(214,823)**	**(93)**	**95,393**
As of January 1, 2022	274,408	—	11,538	8,298	(362)	(212,279)	(93)	81,510
Share-based compensation	—	—	6,249	—	—	—	—	6,249
Exercise of share options and vesting of RSUs	65	—	—	—	—	—	—	65
Currency translation differences	—	—	—	6,359	—	—	—	6,359
Loss for the year	—	—	—	—	—	(1,964)	—	(1,964)
As of December 31, 2022	274,473	—	17,787	14,657	(362)	(214,243)	(93)	92,219

Independent Auditor's Report

To the Shareholders of Kuaishou Technology
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Kuaishou Technology (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which are set out on pages 226 to 320, comprise:

- the consolidated balance sheet as of December 31, 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Revenue recognition
- Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss"
- Recognition of deferred tax assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to notes 2.1.10 and 6 to the consolidated financial statements. The Group mainly generates revenues from provisions of online marketing services, live streaming services and other services including services for e-commerce business through the Group's platform ("**Platform**"). Revenues of RMB126.9 billion were recognized for the year ended December 31, 2024. Revenues from online marketing services derive primarily from performance-based marketing services and display-based marketing services. The revenue is recognized upon the time when the related services were delivered by the Group or over the display period. Revenues from live streaming services derive from sales of virtual items to users of the Platform which can be consumed on the Platform. The revenue is recognized when the consumable virtual items are consumed.	We performed the following procedures to address the key audit matter: • Evaluated the appropriateness of the revenue recognition policies as adopted by the Group; • Understood and evaluated the key internal controls in relation to recognition of revenue from online marketing services, live streaming services and e-commerce related services; • Understood and tested the general control environment of the IT Systems; • Tested the key automated controls in relation to recognition of revenue of the IT Systems, including testing the top-ups for purchase of virtual items (the "**Top-Ups**"), the consumption of virtual items by the users of the Platform, the delivery of online marketing services and the records of the status of sale transaction of goods related to e-commerce services in accordance with the pre-set system logics;

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenues from other services mainly derive from e-commerce related services such as allowing merchants to promote and sell goods on the Platform and charging commissions on the sales of goods. The revenue from e-commerce related services is recognized when sale transaction of goods is completed. We focused on this area as significant efforts were spent on auditing the revenues recognized from online marketing services, live streaming services and e-commerce related services due to the magnitude of the revenue amount and the significant volume of revenue transactions processed through the information technology systems (collectively the "**IT Systems**") in which the virtual items was sold and consumed and online marketing services and e-commerce related services were delivered.	• By using computer-assisted audit techniques, examined the virtual items consumption, online marketing service delivery and e-commerce business order and related delivery records in the IT systems at single transaction level on a sampling basis; • By using computer-assisted audit techniques, tested the mathematic accuracy and the completeness of the system generated reports of different services that summarized the amount of revenues; • Performed confirmation procedures for revenues from online marketing services and related trade receivables on a sampling basis; and • Compared the total amount of cash collections recorded in the general ledger against the cash collection amounts as recorded in the IT Systems for the amounts of Top-Ups received from customers. We also tested, on a sampling basis, the existence, amount and the timing of cash collections by checking to the external supporting documents for the related cash receipts. Based on the procedures performed, we considered that the revenues from online marking services, live streaming services and other services including e-commerce related services were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter

Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss"

Refer to notes 2.1.5, 3.3 and 20 to the consolidated financial statements.

The fair value of investments in unlisted entities classified as "financial assets at fair value through profit or loss" as of December 31, 2024 amounted to approximately RMB2.7 billion. These financial assets were measured based on unobservable inputs and are classified as "level 3 financial instruments".

As these entities are unlisted and not traded in an active market, management determined the fair values of these unlisted entities by using applicable valuation techniques with the assistance from an independent external valuer.

The fair value determination required significant management's judgments and estimates, the use of unobservable inputs.

We focused on this area since the determination of fair values for these investments was subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the fair values for these unlisted entities are considered significant due to the complexity of valuation techniques and significant management assumptions and estimates adopted, such as expected volatility, discount for lack of marketability and risk-free rate, as well as the probability weight among the timing of the liquidation, redemption or IPO event scenarios, and the selection of data used in the valuation, which are subjective.

We performed the following procedures to address the key audit matter:

- Obtained an understanding on the management's internal control process for determining the fair value of investments in unlisted entities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity, changes and susceptibility to management bias;
- Examined the relevant legal documents and investment agreements, and assessed the implications of the key terms as set out in these documents/agreements to the valuation of the respective investments;
- Assessed the competence, capabilities and objectivity of the independent external valuer engaged by the Group;
- Involved our internal valuation expert in assessing and challenging the appropriateness of the valuation techniques used and the reasonableness of the significant assumptions and estimates applied by the management (including selection of comparable companies and multipliers, expected volatility, discount for lack of marketability and risk-free rate) based on external market data on a sampling basis;
- Checked the accuracy of historical data used in the fair value determination to supporting documents on a sampling basis; and
- Tested the mathematic accuracy of the valuation computation.

Based on the procedures performed, we considered that the fair value determination of investments in unlisted entities remained appropriate and the valuation techniques, significant assumptions and data used by management in the assessment of the fair value of the investments in unlisted entities were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of deferred tax assets Refer to notes 2.1.8, 13 and 32 to the consolidated financial statements. As of December 31, 2024, the Group had deferred tax assets amounting to approximately RMB6.6 billion. In addition, the unrecognized deferred tax assets for tax losses as of December 31, 2024 amounted to RMB4.9 billion. Deferred tax assets are recognized only if it is probable that future taxable profits will be available to utilize the deductible temporary differences and tax losses. We focused on this area because the estimation of future taxable profits was subject to high degree of estimation uncertainty. The recognition of deferred tax assets involves significant judgment and estimates by management as to the likelihood and the period of its realization which is dependent on a number of factors, including whether there will be sufficient future taxable profits.	We performed the following procedures to address the key audit matter: • Obtained an understanding of the management's assessment process and related internal control of recognition of deferred tax assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Obtained management's calculation sheets of deferred tax assets and tested the accuracy of the calculation sheets; • Tested and agreed available deductible tax losses, including the respective expiry periods, to tax returns of the relevant subsidiaries on a sampling basis; • Assessed the appropriateness of the input data used by management in estimating future taxable profits, including the significant assumptions of forecast revenue growth rates, profitability and R&D super deduction, etc, on a sampling basis. We reconciled the input data of forecast revenue growth rates and forecast profitability to the management's future profits forecast, strategic plan and tax planning strategies, and compared the input data with the historical data and industry data; • Evaluated the reasonableness of the recognition of deferred tax assets by comparing the estimated future taxable profits to deductible temporary differences and tax losses as of December 31, 2024; and • Tested the calculation of deferred income tax assets by reference to tax rates enacted or substantively enacted at the balance sheet date. Based on the above procedures performed, we considered that the recognition of deferred tax assets remained appropriate and the significant assumptions and data used by management in the assessment in relation to the recognition of deferred tax assets were supported by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 25, 2025

Consolidated Income Statement

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Revenues	6	**126,898**	113,470
Cost of revenues	9	**(57,606)**	(56,079)
Gross profit		**69,292**	57,391
Selling and marketing expenses	9	**(41,105)**	(36,496)
Administrative expenses	9	**(2,916)**	(3,514)
Research and development expenses	9	**(12,199)**	(12,338)
Other income	7	**533**	978
Other gains, net	8	**1,682**	410
Operating profit		**15,287**	6,431
Finance income, net	11	**236**	539
Share of losses of investments accounted for using the equity method	19	**(29)**	(81)
Profit before income tax		**15,494**	6,889
Income tax expenses	13	**(150)**	(490)
Profit for the year		**15,344**	6,399
Attributable to:			
— Equity holders of the Company		**15,335**	6,396
— Non-controlling interests		**9**	3
		15,344	6,399
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)	14		
Basic earnings per share		**3.56**	1.48
Diluted earnings per share		**3.48**	1.44

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Profit for the year		**15,344**	6,399
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	*19*	**(3)**	14
Currency translation differences		**1,063**	1,286
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(805)**	(938)
Other comprehensive income for the year, net of taxes		**255**	362
Total comprehensive income for the year		**15,599**	6,761
Attributable to:			
— Equity holders of the Company		**15,590**	6,758
— Non-controlling interests		**9**	3
		15,599	6,761

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
ASSETS			
Non-current assets			
Property and equipment	*15*	**14,831**	12,356
Right-of-use assets	*16*	**8,891**	10,399
Intangible assets	*17*	**1,059**	1,073
Investments accounted for using the equity method	*19*	**166**	214
Financial assets at fair value through profit or loss	*20*	**24,430**	5,245
Other financial assets at amortized cost	*20*	**62**	283
Deferred tax assets	*32*	**6,604**	6,108
Long-term time deposits	*23*	**19,856**	9,765
Other non-current assets		**1,105**	492
		77,004	45,935
Current assets			
Trade receivables	*21*	**6,674**	6,457
Prepayments, other receivables and other current assets	*22*	**4,646**	4,919
Financial assets at fair value through profit or loss	*20*	**27,050**	25,128
Other financial assets at amortized cost	*20*	**233**	950
Short-term time deposits	*23*	**11,522**	9,874
Restricted cash	*23*	**47**	128
Cash and cash equivalents	*23*	**12,697**	12,905
		62,869	60,361
Total assets		**139,873**	106,296

Consolidated Balance Sheet

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*24*	**—**	—
Share premium	*24*	**268,733**	273,459
Treasury shares		**(341)**	(88)
Other reserves	*25*	**35,776**	33,183
Accumulated losses		**(242,164)**	(257,491)
		62,004	49,063
Non-controlling interests		**20**	11
Total equity		**62,024**	49,074
LIABILITIES			
Non-current liabilities			
Borrowings	*28*	**11,100**	—
Financial liabilities at fair value through profit or loss		**124**	—
Lease liabilities	*16*	**6,765**	8,405
Deferred tax liabilities	*32*	**13**	18
Other non-current liabilities		**19**	21
		18,021	8,444
Current liabilities			
Accounts payables	*29*	**27,470**	23,601
Other payables and accruals	*30*	**23,113**	16,592
Advances from customers	*31*	**4,696**	4,036
Financial liabilities at fair value through profit or loss		**5**	—
Income tax liabilities		**873**	1,222
Lease liabilities	*16*	**3,671**	3,327
		59,828	48,778
Total liabilities		**77,849**	57,222
Total equity and liabilities		**139,873**	106,296

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 226 to 320 were approved by the Board of Directors on March 25, 2025 and were signed on its behalf:

CHENG Yixiao
Director

SU Hua
Director

Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company							
		Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Other reserves RMB'Million	Accumulated losses RMB'Million	Subtotal RMB'Million	Non-controlling interests RMB'Million	Total RMB'Million
Balance at January 1, 2024		—	273,459	(88)	33,183	(257,491)	49,063	11	49,074
Profit for the year		—	—	—	—	15,335	15,335	9	15,344
Other comprehensive income									
Share of other comprehensive loss of investments accounted for using the equity method	19	—	—	—	(3)	—	(3)	—	(3)
Currency translation differences	25	—	—	—	258	—	258	—	258
Total comprehensive income for the year		—	—	—	255	15,335	15,590	9	15,599
Share of other changes in net assets of investments accounted for using the equity method	19	—	—	—	(19)	—	(19)	—	(19)
Transactions with owners in their capacity as owners									
Share-based compensation	27	—	—	—	2,349	—	2,349	—	2,349
Exercise of share options and vesting of restricted share units ("**RSUs**")	24	—	29	—	—	—	29	—	29
Appropriations to statutory reserves	25	—	—	—	8	(8)	—	—	—
Repurchase of shares (to be canceled)		—	—	(5,008)	—	—	(5,008)	—	(5,008)
Cancelation of shares	24	—	(4,755)	4,755	—	—	—	—	—
Total transactions with owners in their capacity as owners		—	(4,726)	(253)	2,357	(8)	(2,630)	—	(2,630)
Balance at December 31, 2024		—	268,733	(341)	35,776	(242,164)	62,004	20	62,024

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company							
	Note	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Other reserves RMB'Million	Accumulated losses RMB'Million	Subtotal RMB'Million	Non-controlling interests RMB'Million	Total RMB'Million
Balance at January 1, 2023		—	274,473	—	29,239	(263,882)	39,830	8	39,838
Profit for the year		—	—	—	—	6,396	6,396	3	6,399
Other comprehensive income									
Share of other comprehensive income of investments accounted for using the equity method	19	—	—	—	14	—	14	—	14
Currency translation differences	25	—	—	—	348	—	348	—	348
Total comprehensive income for the year		—	—	—	362	6,396	6,758	3	6,761
Share of other changes in net assets of investments accounted for using the equity method	19	—	—	—	7	—	7	—	7
Transactions with owners in their capacity as owners									
Share-based compensation	27	—	—	—	3,570	—	3,570	—	3,570
Exercise of share options and vesting of RSUs	24	—	199	—	—	—	199	—	199
Appropriations to statutory reserves	25	—	—	—	5	(5)	—	—	—
Repurchase of shares (to be canceled)		—	—	(1,301)	—	—	(1,301)	—	(1,301)
Cancelation of shares	24	—	(1,213)	1,213	—	—	—	—	—
Total transactions with owners in their capacity as owners		—	(1,014)	(88)	3,575	(5)	2,468	—	2,468
Balance at December 31, 2023		—	273,459	(88)	33,183	(257,491)	49,063	11	49,074

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Cash flows from operating activities			
Cash generated from operations	*33(a)*	**30,808**	22,004
Income tax paid		**(1,021)**	(1,223)
Net cash generated from operating activities		**29,787**	20,781
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		**(8,063)**	(4,897)
Proceeds from disposal of property, equipment and intangible assets		**17**	10
Purchase of investments in financial assets at fair value through profit or loss		**(96,665)**	(61,263)
Proceeds from disposal of investments in financial assets at fair value through profit or loss		**77,882**	48,101
Purchase of investments in other financial assets at amortized cost		**—**	(520)
Proceeds from disposal of investments in other financial assets at amortized cost		**984**	765
Purchase of time deposits with initial terms over three months		**(24,103)**	(12,299)
Proceeds from maturity of time deposits with initial terms over three months		**12,489**	9,926
Interest income received		**772**	259
Repayment of loans by a third party		**10**	—
Withdraw of restricted cash		**—**	53
Net cash used in investing activities		**(36,677)**	(19,865)

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Cash flows from financing activities			
Proceeds from borrowings		**12,379**	—
Repayments of borrowings and related interests		**(1,454)**	—
Payments for principal elements of lease and related interests		**(3,228)**	(3,451)
Proceeds from exercise of share options and vesting of RSUs		**29**	219
Proceeds received under notes payable transaction		**14,892**	7,524
Proceeds received from notes receivable factoring to banks		**9,734**	3,735
Payments for principal of matured notes and related interests		**(20,754)**	(8,091)
Payments for shares repurchase		**(4,884)**	(1,300)
Net cash generated from/(used in) financing activities		**6,714**	(1,364)
Net decrease in cash and cash equivalents		**(176)**	(448)
Cash and cash equivalents at the beginning of the year	*23(a)*	**12,905**	13,274
Effects of exchange rate changes on cash and cash equivalents		**(32)**	79
Cash and cash equivalents at the end of the year	*23(a)*	**12,697**	12,905

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Kuaishou Technology (the "**Company**") was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B Shares have been listed on the Main Board of the Hong Kong Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**"), provides online marketing services, live streaming services and other services to its customers.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out as below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation and change in accounting policy and disclosures

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(a) Amendments adopted by the Group

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

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

The adoption of these amendments does not have significant impact on the results and the financial position of the Group.

(i) Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group provided disclosures for liabilities under notes payable arrangements as well as the associated cash flows in Note 30 and Note 33(c).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(b) New standards and amendments not yet adopted

Certain new standards and amendments as set out below have been issued but are not yet effective for the financial year beginning on January 1, 2024 and have not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the Group's consolidated financial position and performance.

New standards and amendments	Effective for financial years beginning on or after
Lack of Exchangeability — Amendments to IAS 21	January 1, 2025
Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7	January 1, 2026
Annual improvements to IFRS — Volume 11	January 1, 2026
Presentation and Disclosure in Financial Statements — IFRS 18	January 1, 2027

2.1.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

• Buildings	19–49 years
• Servers, computers and equipment	3–4 years
• Office equipment	3–5 years
• Leasehold improvements	The shorter of the term of the lease or the estimated useful lives of the assets

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.2 Property and equipment (Continued)

Property and equipment arising from business acquisition are depreciated over the remaining useful life.

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

Construction in progress mainly represents buildings and leasehold improvements under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to appropriate categories of property and equipment when completed and ready for use.

A carrying amount of property and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains, net" in the consolidated income statement.

2.1.3 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate purchase consideration transferred, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately in the consolidated income statement as an expense and is not subsequently reversed.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets (Continued)

(b) Trademarks and domain names, licenses and copyrights, software

Separately acquired trademarks, domain names, internet audio/video program transmission licenses, operating licenses, copyrights and software are initially recognized and measured at historical cost. The assets acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization and impairment losses (if any).

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For details, refer to Note 2.1.3(c).

(c) Research and development

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets for the years ended December 31, 2024 and 2023.

(d) Amortization methods and periods

Length of estimated useful life is determined to be the shorter of the period of contractual rights or estimated period during which such intangible assets can bring economic benefits to the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets (Continued)

(d) Amortization methods and periods (Continued)

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

Licenses and copyrights	2–10 years	Shorter of contractual license and copyrights period or the estimated period during which such intangible assets can bring economic benefits
Trademarks and domain name	2–10 years	The period of effective registration during which such trademark and domain name can bring economic benefits
Software	2–7 years	Shorter of the period of contractual rights or estimated period during which such software can bring economic benefits
Others	3–4 years	Shorter of the period of contractual rights or estimated period during which such assets can bring economic benefits

2.1.4 Impairment of non-financial assets

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets

(a) Classification

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

- those to be measured at fair value (either through other comprehensive income ("**OCI**") or through profit or loss); and
- those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments

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

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

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

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

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value, except the investment accounted for using equity method. Changes in the fair value of financial assets at fair value through profit or loss are recognized in "other gains, net" in the consolidated income statement as applicable.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(c) Measurement (Continued)

(iii) Derivative financial instruments

Derivatives are initially measured at FVPL on the date a derivative agreement is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, which are recognized under "financial assets at fair value through profit or loss" and "financial liabilities at fair value through profit or loss" in the consolidated balanced sheet, respectively.

Changes in the fair value of any derivative that does not qualify for hedge accounting criteria are recognized immediately in the consolidated income statement and included in net foreign exchange (losses)/gains and net fair value gains on financial assets at fair value through profit or loss of "other gains, net" as applicable.

(d) Impairment

The Group mainly has two types of financial assets that are subject to IFRS 9's expected credit losses (the "**ECL**") model (Note 3.1(b)):

- Trade receivables; and
- Other receivables.

The Group assesses on a forward-looking basis of the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. While cash and cash equivalents, restricted cash, time deposits and other financial assets at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.6 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 21 for further information about the Group's trade receivables and Note 2.1.5 (d) for a description of the Group's impairment policies.

2.1.7 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. The borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is extinguished, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated income statement.

The borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.

All of the borrowings costs are recognized in the consolidated income statement in the period when they are incurred.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.8 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and structured entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.8 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

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

Current and deferred tax are recognized in the consolidated income statement, except to the extent that they relate to items recognized in OCI or directly in equity. In this case, the tax is recognized in OCI or directly in equity.

2.1.9 Share-based compensation

The Group has operated the Pre-IPO ESOP Plan, the Post-IPO Share Option Scheme, the Post-IPO RSU Scheme and 2023 Share Incentive Scheme (together, the "**Share Incentive Plan**"), under which the Group receives services from employees, directors and other eligible persons as consideration for equity instruments (including share options and RSUs) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated income statement.

(a) Share options

For share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using Binomial models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 *Share-based compensation (Continued)*

(b) RSUs

For RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

The total expense of share options and RSUs is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, using accelerated method. Under this method, each vesting installment of a graded vesting award is treated as a separate share-based award, and accordingly each vesting installment is separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses. At the end of each period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

2.1.10 *Revenue recognition*

The Group derives revenue from online marketing services, sales of virtual items on its live streaming platform and other services. The Group recognizes revenue when or as the control of the promised goods or services is transferred to a customer, net of value-added taxes ("**VAT**"), rebates and certain sales incentives. If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 *Revenue recognition (Continued)*

(a) The accounting policy for the Group's principal revenue sources

(i) Online marketing services

The Group offers diversified online marketing solutions, primarily including performance-based marketing service that are based on actual performance measurement and display-based marketing services that are display of marketing contents for an agreed period of time. The Group provides rebates to customers including agencies based on contracted rebate rates and estimated revenue volume, which are accounted for as variable consideration. Revenue is recognized based on the price charged to customers, net of rebates provided to customers.

To fulfill contracts with certain customers, the Group enters into cooperation agreements with third party platforms and places the marketing contents of the Group's customers displayed on third party platforms. For above services mentioned, the Group is the principal for fulfilling these marketing service contracts as it has obtained controls over third party platform services through cooperation contracts and, in some cases, integrated with other services before they are transferred to the Group's customers. The Group is also primarily responsible for fulfilling these marketing services as it is the only party that the Group's customers entered agreements with. As such, the Group recognizes revenues from contracts with customers on a gross basis and records charges from third party platforms as cost of revenues.

Performance-based marketing services

The Group provides performance-based marketing services which allow customers to promote on the Group's mobile platforms and third parties' internet properties. Performance-based marketing services are primarily presented and delivered in the way of short video or live streaming exposure with clickable thumbnails or marketing contents. Revenue from performance-based marketing services is recognized when relevant specific performance measures are fulfilled.

Display-based marketing services

Display-based marketing services allow customers to promote in the form of opening-page splash, traditional banners and logos, etc. on various interfaces of the platform. The revenue is recognized ratably over the period that the marketing content is displayed. Generally, the terms of these display-based marketing services are short.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources (Continued)

(ii) Live streaming

The Group operates and maintains mobile platforms whereby users can enjoy live stream performances provided by the live streamers (the "**streamers**") and interact with the streamers on a real-time basis for free. The Group operates a virtual item system, under which viewers can purchase virtual items and present them as gifts to streamers to show their support and appreciation. The Group generates revenues from the sales of virtual items on the platform, and viewers are the Group's customers. The virtual items are produced and delivered by the Group. Sales of virtual items are recognized as revenues when the virtual items are gifted by viewers to streamers as the Group has no further obligations related to virtual items once they are gifted to streamers. The proceeds received from the sales of virtual items before they are gifted by viewers to streamers are recorded as advances from customers.

In order to attract streamers to the platforms, the Group shares revenues with the streamers in accordance with the agreements between the Group and streamers.

The Group has evaluated and concluded that it is the principal for the sales of the virtual items on the platforms. The Group produces and controls virtual items before they are transferred to customers. The prices of virtual items are set by the Group. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognized as "cost of revenues" in the consolidated income statement.

(iii) Other services

Other services revenues primarily include revenues from e-commerce business, online games and other value-added services. For the e-commerce business, the Group allows merchants to promote and sell goods on its platform and charges commissions on the sales of goods completed through its platform based on agreed commission rates. The Group does not take controls of goods sold through its platform. Commission revenues related to e-commerce business are recognized at a point in time when the underlying transaction is completed. For online games and other value-added services, revenues are recognized when the Group satisfied the performance obligations under the service contracts.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 *Revenue recognition (Continued)*

(b) Incentives and coupons

In order to promote its platform and attract more users, the Group at its own discretion provides various types of incentives offered to users in the form of cash incentives, red packets, coupons, etc. Evaluations of the varying features of different incentive programs are made to determine whether incentives offered represent consideration payable to customers. Such evaluations include the consideration of whether the users would be considered as customers of the Group.

The incentives are awarded to users upon their completion of certain tasks. The incentives are recorded as reduction of revenue if there is no distinct service identified and the incentives are related to past, current or future revenues, such as reward to customers, and coupons to be used in future transactions, etc. Incentives for distinct services received from the users such as inviting friends to download or log into Kuaishou's platforms, publishing or watching short videos which have marketing contents, etc., are recorded as selling and marketing expenses.

(c) Contract balances

When either party to a customer contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Contract balances include trade receivables and advances from customers.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Payment terms and conditions vary by contract and service type. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 *Revenue recognition (Continued)*

(d) Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

The revenue standard requires the Group to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the definition of incremental costs of obtaining a contract. However, the Group applies a practical expedient to expense the costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

(e) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group has applied the practical expedient of not to adjust any of the transaction prices for the time value of money.

2.1.11 *Earnings per share*

Basic earnings per share is calculated by dividing:

(a) the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and

(b) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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

(a) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.12 Leases

The Group, as a lessee, leases internet data centers, office buildings and land. Lease contracts other than land are typically made for fixed periods of several months to twelve years. Lease is recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise of lease of certain office spaces.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(a) Subsidiaries controlled through Contractual Arrangements

In order to comply with the People's Republic of China ("**PRC**") laws and regulations which prohibit or restrict foreign ownership of companies involved in provision of internet content and other restricted businesses, the Group operates its website and other restricted businesses in the PRC through certain PRC operating entities, which are held by registered shareholders ("**Nominee Shareholders**"). The Group signed contractual arrangements with the PRC operating entities ("**Contractual Arrangements**"). The Contractual Arrangements include exclusive technical consultation and service agreements, exclusive option agreements, equity pledge agreements and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(b) Business combination

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

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

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

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from such remeasurement is recognized in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(c) Company's separate financial statements

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

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

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of convertible redeemable preferred shares are accounted as financial assets measured at FVPL. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculated the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in "other gains, net" in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.2 *Associates (Continued)*

Gains or losses on dilution of equity interest in the associate is recognized in the consolidated income statement. If the ownership interest in the associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to income statement where appropriate.

2.2.3 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.2.4 *Foreign currency translation*

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company and certain of its overseas subsidiaries is USD. The Company's primary subsidiaries and structured entities are incorporated in the PRC and for these subsidiaries and structured entities, the RMB is the functional currency. The Group's presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gains or losses. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at FVPL are recognized in consolidated income statement as part of the "other gains, net".

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.4 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to OCI.

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

2.2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2.6 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank, time deposits with initial terms within three months, deposits held at call with banks and cash held in other financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.7 *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.2.8 *Accounts and other payables*

Accounts and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.9 *Employee benefits*

(a) Short-term obligations

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

(b) Pension obligations

The Group has a defined contribution plan in which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. Contributions to these plans are charged to the consolidated income statement as and when incurred and not reduced by contributions forfeited by those who leave the plans prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.10 *Government grants*

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

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

2.2.11 *Finance income*

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains on these assets, see Note 8 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.12 *Provisions*

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.13 *Dividend distribution*

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of the Group entities.

For the year ended December 31, 2024, most transactions of the Group were settled in RMB and USD, while a limited number of transactions was denominated in foreign currencies such as Brazilian real. Thus, except the borrowings mentioned below, the Group's business was not exposed to significant foreign exchange risk and the exposure was limited in general, as the Group has no significant assets or liabilities denominated in the currencies other than the respective functional currencies of the entities within the Group.

As of December 31, 2024, the Group had unsecured RMB bank loans which were borrowed by a subsidiary of the Group, whose functional currency is USD. Details of the bank loans are disclosed in Note 28. If RMB had strengthened/weakened by 3% against USD with all other variables held constant, the profit before income tax for the year ended December 31, 2024 would have been approximately RMB269 million lower/higher (2023:Nil), as a result of foreign exchange gains or losses on translation of the bank loans and related proceeds (2023: Nil) denominated in RMB. The above sensitivity analysis did not consider any influence of economic hedge.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group managed its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tried to minimize these exposures through natural hedges, wherever possible and entered into certain foreign exchange option and forward agreements to economically hedge its exposure to foreign exchange risk mainly arising from the borrowings. Under these contracts, the Group had a right or agreed with the counterparties for settlement at specified foreign exchange rate. As of December 31, 2024, the aggregate notional principal amounts of these outstanding contracts were USD1,230 million (December 31, 2023: Nil). The Group will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate foreign exchange risks.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from time deposits, cash and cash equivalents, investments measured at amortized cost, notes payable and borrowings. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of borrowings carried at floating rate had been 50 basis points higher/lower, the profit before income tax for the year ended December 31, 2024 would have been RMB27.2 million lower/higher (2023: Nil).

The Group does not anticipate significant impact to the assets carried at floating rate resulted from the changes in interest rate because the interest rates of these assets are not expected to change significantly.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(iii) Price risk

The Group is exposed to equity price risk in respect of investments in listed and unlisted entities that are classified as financial assets at fair value through profit or loss. The Group is generally not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The sensitivity analysis is performed by management, see Note 3.3 for details.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, time deposits, restricted cash, trade receivables, other receivables, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss. The carrying amount of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

Trade and other receivables are managed on a group basis. The finance team is responsible for managing and analyzing the credit risk for each new customer/debtor before standard credit payment terms are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and other factors.

Cash and cash equivalents, time deposits, restricted cash, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

(ii) Impairment of financial assets

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables are estimated. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, 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, Gross Domestic Products and Producer Price Index of the PRC, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowances of trade receivables as of December 31, 2024 and 2023 were determined as follows:

	As of December 31,	
	2024	2023
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**2.24%**	2.09%
Gross carrying amount	**6,827**	6,595
Loss allowance provision	**153**	138

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

Impairment losses on trade receivables are presented as "administrative expenses" within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables (Continued)

On that basis, the loss allowances of other receivables as of December 31, 2024 and 2023 were determined as follows:

	As of December 31,	
	2024	2023
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**3.11%**	2.03%
Gross carrying amount	**1,574**	2,270
Loss allowance provision	**49**	46

(c) Liquidity risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'Million*	Between 1 and 2 years *RMB'Million*	Between 2 and 5 years *RMB'Million*	Over 5 years *RMB'Million*	Total *RMB'Million*
As of December 31, 2024					
Non-derivative financial instruments					
— Accounts payables	27,470	—	—	—	27,470
— Borrowings	349	349	11,272	—	11,970
— Other payables and accruals (excluding non-financial liabilities)	17,523	—	—	—	17,523
— Lease liabilities	3,792	3,316	3,266	1,221	11,595
Total	49,134	3,665	14,538	1,221	68,558
Derivative financial instruments					
— Gross settled foreign currency forwards					
(Inflow)	—	—	(4,260)	—	(4,260)
Outflow	—	—	4,396	—	4,396
Total	—	—	136	—	136

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year *RMB'Million*	Between 1 and 2 years *RMB'Million*	Between 2 and 5 years *RMB'Million*	Over 5 years *RMB'Million*	Total *RMB'Million*
As of December 31, 2023					
Non-derivative financial instruments					
— Accounts payables	23,601	—	—	—	23,601
— Other payables and accruals (excluding non-financial liabilities)	11,363	—	—	—	11,363
— Lease liabilities	3,388	3,330	4,869	1,505	13,092
Total	38,352	3,330	4,869	1,505	48,056

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

(a) Fair value hierarchy

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. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2024:

	Level 1 *RMB'Million*	Level 2 *RMB'Million*	Level 3 *RMB'Million*	Total *RMB'Million*
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	86	—	—	86
— Investments in unlisted entities	—	—	2,719	2,719
— Derivative financial instruments	—	293	—	293
— Wealth management products and others	—	236	48,146	48,382
	86	529	50,865	51,480
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	—	129	—	129
	—	129	—	129

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

	Level 1 *RMB'Million*	Level 2 *RMB'Million*	Level 3 *RMB'Million*	Total *RMB'Million*
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	60	—	—	60
— Investments in unlisted entities	—	—	2,609	2,609
— Wealth management products and others	—	333	27,371	27,704
	60	333	29,980	30,373

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market 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 determine the fair value of an instrument are observable, the instrument is included in level 2.

Level 2 instruments of the Group's assets and liabilities mainly include foreign exchange options, foreign exchange forwards and perpetual bonds in wealth management products and others.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments of the Group's assets mainly include investments in unlisted entities (Note 20) and investments in wealth management products and others (excluding investments in perpetual bonds) (Note 20).

(b) Valuation techniques used to determine fair values

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;
- The fair values of foreign currency forwards are determined with reference to the discounted value of the differential between the contracted strike/forward rate to the market forward exchange rate with same maturity;
- The fair value of foreign currency options are determined by using option pricing model, such as Garman-Kohlhagen's Model, with reference to the spot rate and volatility of currency exchange rate, risk-free rates for both currencies, and contract strike rate for the options; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023.

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2024	**29,980**
Additions	**96,751**
Disposals	**(77,769)**
Change in fair value through profit or loss*	**1,647**
Currency translation differences	**256**
At December 31, 2024	**50,865**
* Includes unrealized gains recognized in the consolidated income statement attributable to balances held at the end of the year	**1,091**

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2023	16,189
Additions	61,263
Disposals	(47,997)
Change in fair value through profit or loss*	421
Currency translation differences	104
At December 31, 2023	29,980
* Includes unrealized gains recognized in the consolidated income statement attributable to balances held at the end of the year	19

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

As level 3 instruments are not traded in an active market, their fair values have been determined by using various application valuation techniques, including market approach, etc.

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation 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 following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Values		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As of December 31,			As of December 31,		
	2024 *RMB' Million*	2023 *RMB' Million*		**2024**	2023	
Investments in unlisted entities	**2,719**	2,609	Expected volatility	**41%-77%**	37%-83%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("**DLOM**")	**6%-14%**	6%-14%	The higher the DLOM, the lower the fair value
			Risk-free rate	**1.20%-4.25%**	2.30%-4.81%	The higher the risk-free rate, the lower the fair value
Wealth management products and others	**48,146**	27,371	Expected rate of return	**2.25%-8.68%**	2.73%-8.68%	The higher the expected rate of return, the higher the fair value

Investments in wealth management products are mainly the investment products purchased from reputable financial institutions in the PRC and international financial institutions outside of the PRC with floating rates. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVPL. None of these investments are past due. The fair values are determined based on the expected rate of return (based on management judgment) and are within level 3 of the fair value hierarchy. From the perspective of cash management and risk control, the Group diversifies its investment portfolios and mainly purchases low-risk products from reputable financial institutions and prefers those products with high-liquidity.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the higher/(lower) of the profit before income tax for the years ended December 31, 2024 and 2023 if the fair values of investments in listed and unlisted entities held by the Group had been 5% higher/lower.

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
5% higher	**140**	133
5% lower	**(140)**	(133)

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2024 and 2023.

The carrying amounts of the Group's financial assets that are not measured at fair value, including cash and cash equivalents, restricted cash, time deposits, trade receivables, other receivables, other current and non-current assets and other financial assets at amortized cost, and the Group's financial liabilities that are not measured at fair value, including accounts payables, other payables and accruals, borrowings and lease liabilities, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

4 CRITICAL ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which will seldom equal the actual results. Management needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recognition of share-based compensation expenses

The Group set up the Share Incentive Plan and granted options and RSUs to employees, directors, and other eligible persons. The fair value of the options is determined by the binomial model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimates and assumptions, including forfeiture rate, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the Group (Note 27).

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Estimation of the fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions including expected volatility, discount for lack of marketability, risk-free rate associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3 Credit loss allowances for trade receivables, other receivables and other assets

By reference to IFRS 9, the expected credit loss of trade receivables, other receivables and other assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

4.4 Recoverability of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including property and equipment, investments accounted for using the equity method, right-of-use assets and intangible assets other than the goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The assets are allocated to each of CGUs, or groups of CGUs. The recoverable amount of CGUs has been determined based on the higher amount of fair value less disposal cost model and value-in-use model. Under the fair value less disposal cost model, the management makes estimates based on quoted prices of active markets based on observable inputs. Under the value-in-use model, calculations require the use of assumptions and use cash flow projections based on financial forecast with an estimation of terminal value.

4.5 Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax asset in relation to (i) deductible temporary differences; and (ii) unused tax losses had been recognized in the consolidated balance sheet. The realizability of the deferred tax asset mainly depends on whether sufficient future taxable profit or taxable temporary differences will be available in the future. The outcome of their actual utilization may be different from management's estimation.

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.6 Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent when a third-party is in the provision of certain services to its customers requires judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they were transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the contract, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. For details, please refer to Note 2.1.10.

4.7 Useful lives and depreciation of property and equipment

The Group's management determines the estimated useful lives and related depreciation for the Group's property and equipment based on the asset's expected utility to the Group. The asset management policy of the Group may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its physical life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the Group with similar assets.

5 SEGMENT INFORMATION

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Domestic
- Overseas

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the years ended December 31, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM. Share-based compensation expenses, other income and other gains, net are not allocated to individual operating segments.

There are no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or to evaluate the performance of the operating segments.

5 SEGMENT INFORMATION (CONTINUED)

5.1 Description of segments and principal activities (Continued)

	Year ended December 31, 2024			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	**122,202**	**4,696**	**—**	**126,898**
Cost of revenues and operating expenses	**(105,847)**	**(5,630)**	**—**	**(111,477)**
Unallocated items	**—**	**—**	**(134)**	**(134)**
Operating profit/(loss)	**16,355**	**(934)**	**(134)**	**15,287**

	Year ended December 31, 2023			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	111,186	2,284	—	113,470
Cost of revenues and operating expenses	(99,784)	(5,073)	—	(104,857)
Unallocated items	—	—	(2,182)	(2,182)
Operating profit/(loss)	11,402	(2,789)	(2,182)	6,431

5.2 Segment assets

As of December 31, 2024 and 2023, substantially all of the Group's non-current assets other than certain financial instruments and investments accounted for using the equity method were located in the PRC.

6 REVENUES

The breakdown of revenues is as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Online marketing services	**72,419**	60,304
Live streaming	**37,061**	39,054
Other services	**17,418**	14,112
	126,898	113,470

The breakdown of revenues for timing of revenue recognition is as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Revenue recognized at a point in time	**123,547**	110,808
Revenue recognized over time	**3,351**	2,662
	126,898	113,470

There was no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the years ended December 31, 2024 and 2023.

7 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Government grants and value-added tax preferences	**497**	923
Others	**36**	55
	533	978

8 OTHER GAINS, NET

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Net fair value gains on financial assets at fair value through profit or loss		
— Investments in listed and unlisted entities	**(23)**	(302)
— Wealth management products and others	**1,707**	686
Net gains on disposal of property and equipment, intangible assets and right-of-use assets	**98**	87
Net foreign exchange (losses)/gains	**(68)**	8
Others	**(32)**	(69)
	1,682	410

9 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Revenue sharing costs and related taxes	**36,277**	34,957
Promotion and marketing expenses	**38,652**	33,802
Employee benefit expenses *(Note 10)*	**17,297**	18,334
Bandwidth expenses and server custody costs	**5,761**	5,987
Depreciation of property and equipment	**4,064**	3,989
Depreciation of right-of-use assets *(Note a)*	**2,972**	3,065
Amortization of intangible assets	**104**	148
Payment processing costs	**2,819**	2,569
Outsourcing and other labor costs	**1,349**	1,147
Auditor's remuneration		
— Audit services	**30**	30
— Non-audit services	**3**	12
Other professional fees	**248**	221
Tax surcharges	**1,036**	710
Credit loss allowances on financial assets	**52**	93
Others *(Note b)*	**3,162**	3,363
	113,826	108,427

Note a: The depreciation of right-of-use assets include the expenses related to leases of internet data centers, office buildings and land with a term of over one year.

Note b: Others mainly comprise content-related costs, traveling and communication expenses and office facilities expenses.

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Wages, salaries and bonuses	**12,102**	12,093
Share-based compensation expenses	**2,349**	3,570
Pension costs-defined contribution plans *(Note a)*	**1,032**	969
Other social security costs, housing benefits and other employee benefits	**1,814**	1,702
	17,297	18,334

Note a: Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contributions were utilized by the Group to reduce its contributions to these schemes for the years ended December 31, 2024 and 2023.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2024 include one director (2023: one). The emoluments to the five highest paid individuals for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**21,949**	20,727
Discretionary bonuses	**23,590**	18,566
Share-based compensation expenses	**383,236**	498,229
Pension costs-defined contribution plans	**239**	269
Other social security costs, housing benefits and other employee benefits	**370**	414
	429,384	538,205

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2024	2023
HK$87,500,001 to HK$88,000,000	**1**	1
HK$88,500,001 to HK$89,000,000	**1**	—
HK$90,000,001 to HK$90,500,000	**1**	—
HK$90,500,001 to HK$91,000,000	**1**	—
HK$110,500,001 to HK$111,000,000	**—**	1
HK$113,000,001 to HK$113,500,000	**1**	—
HK$128,000,001 to HK$128,500,000	**—**	1
HK$133,500,001 to HK$134,000,000	**—**	1
HK$137,000,001 to HK$137,500,000	**—**	1
	5	5

All of these individuals have not received any emolument from the Group as an inducement to join or upon joining the Group, and have not received any compensation for loss of office for the years ended December 31, 2024 and 2023.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors

The remuneration of every director and the chief executive is set out as follows:

For the year ended December 31, 2024:

Name	Fees *RMB'000*	Wages and salaries *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Pension costs-defined contribution plans *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
Chairman							
CHENG Yixiao *(Note a)*	—	4,853	4,500	70,358	71	94	79,876
Executive Director							
SU Hua *(Note b)*	—	2,976	—	—	71	94	3,141
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
LIN Frank *(Note c)*	—	—	—	—	—	—	—
WANG Huiwen	417	—	—	—	—	—	417
Independent non-executive Directors							
HUANG Sidney Xuande	695	—	—	—	—	—	695
MA Yin	677	—	—	—	—	—	677
XIAO Xing	687	—	—	—	—	—	687
Total	2,476	7,829	4,500	70,358	142	188	85,493

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

For the year ended December 31, 2023:

Name	Fees *RMB'000*	Wages and salaries *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Pension costs-defined contribution plans *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
Chairman							
CHENG Yixiao *(Note a)*	—	4,864	4,500	114,208	63	89	123,724
Executive Director							
SU Hua *(Note b)*	—	5,046	—	—	63	89	5,198
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
LIN Frank *(Note c)*	—	—	—	—	—	—	—
WANG Huiwen *(Note d)*	263	—	—	—	—	—	263
SHEN Dou *(Note e)*	—	—	—	—	—	—	—
Independent non-executive Directors							
HUANG Sidney Xuande	574	—	—	—	—	—	574
MA Yin	574	—	—	—	—	—	574
XIAO Xing *(Note f)*	203	—	—	—	—	—	203
WANG Huiwen *(Note d)*	180	—	—	—	—	—	180
Total	1,794	9,910	4,500	114,208	126	178	130,716

Note a: Mr. CHENG Yixiao was appointed as the Chairman with effect from October 29, 2023. The exercise prices of outstanding share options granted to Mr. CHENG Yixiao were HK$66.46 and HK$59.40 respectively, of which the exercise prices were all above HK$55. Under IFRS 2, the accelerated approach is required to recognize compensation expenses for equity awards. For detailed grant information, please refer to the Company's announcements dated March 30, 2023 and April 14, 2022.

Note b: Mr. SU Hua waived his discretionary bonus entitlement from the Company for the years ended December 31, 2024 and 2023.

Note c: Mr. LIN Frank resigned with effect from January 22, 2025.

Note d: Mr. WANG Huiwen was re-designated from an independent non-executive Director to a non-executive Director with effect from May 15, 2023.

Note e: Dr. SHEN Dou resigned with effect from September 13, 2023.

Note f: Prof. XIAO Xing was appointed with effect from September 13, 2023.

(i) Benefits and interests of directors

There is no other benefits and interests offered to directors except above.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

(ii) Directors' retirement and termination benefits

No director's (including former director(s)) retirement and termination benefit subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(iii) Consideration provided to or receivable by third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(iv) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors

No loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors was subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(vi) Inducement to join the Group and compensation for loss of office

No director received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office for the years ended December 31, 2024 and 2023.

11 FINANCE INCOME, NET

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Finance income:		
Interest income from bank deposits	**1,071**	1,116
	1,071	1,116
Finance expense:		
Interest expense from lease liabilities	**(513)**	(495)
Interest expense from borrowings	**(187)**	—
Others	**(135)**	(82)
	(835)	(577)
Finance income, net	**236**	539

12 SUBSIDIARIES

The Company's major subsidiaries (including controlled and structured entities) during the year ended December 31, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of operation.

Name	Place of incorporation and kind of legal entity	Date of incorporation	Particulars of issued/paid-in capital	Effective interest held as of December 31, 2024	Principal activities
Subsidiaries					
Directly held:					
Fortune Ever Global Limited	Hong Kong, limited liability company	March 25, 2014	HKD10,000	100%	Investment holding and investment
Cosmic Blue Investments Limited	British Virgin Islands, limited liability company	March 16, 2017	—	100%	Investment holding and investment
Indirectly held:					
Joyo Technology PTE. LTD.	Singapore, limited liability company	August 3, 2016	USD1	100%	Development of software, provision of programming and advertising services
Beijing Dajia Internet Information Technology Co., Ltd.*	Beijing, China, limited liability company	July 2, 2014	USD4,943,011,229.78	100%	Development of software, hardware and network technology
Beijing Kuaishou Ads Co., Ltd.	Beijing, China, limited liability company	September 23, 2016	RMB60,000	100%	Provision of online marketing and other services
Chengdu Magnetic Engine Media Co., Ltd.	Sichuan, China, limited liability company	September 25, 2020	RMB150,000,000	100%	Provision of online marketing services
Hainan Kuaishou Kuailian Information Technology Co., Ltd.	Hainan, China, limited liability company	May 12, 2021	—	100%	Provision of online marketing services
Huai'an Kuaishou Kuailian Information Technology Co., Ltd.	Jiangsu, China, limited liability company	July 13, 2022	—	100%	Provision of online marketing services
Structured entities *(Note a)*					
Beijing Kuaishou Technology Co., Ltd.	Beijing, China, limited liability company	March 20, 2015	RMB11,010,100	99%	Provision of live-streaming and online marketing services
Beijing Chenzhong Technology Co., Ltd.	Beijing, China, limited liability company	July 6, 2017	RMB2,015,000	100%	Provision of online marketing and other services
Chengdu Kuaigou Technology Co., Ltd.	Sichuan, China, limited liability company	October 31, 2019	—	100%	Provision of e-commerce and other services
Huai'an Kuaishou Shuangxin Culture Communication Co., Ltd.	Jiangsu, China, limited liability company	August 7, 2020	—	100%	Provision of internet information services

* Registered as wholly foreign-owned enterprise under PRC law.

Note a: As described in Note 2.2.1, the Company does not have directly or indirectly legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with these structured entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over these structured entities, receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, they are presented as consolidated structured entities of the Company.

13 INCOME TAX

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) British Virgin Islands ("BVI")

The Group's entities established under the International Business Companies Acts of the BVI are exempted from BVI income tax.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

(d) PRC Enterprise Income Tax

The income tax provision of the Group in respect of its operations in Mainland China was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2024 and 2023, based on the existing legislation, interpretation and practices in respect thereof.

Certain subsidiaries of the Group in Mainland China were accredited as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended December 31, 2024 and 2023. In addition, certain subsidiaries of the Group were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of Mainland China upon fulfillment of certain requirements of the respective local governments.

The State Taxation Administration of the PRC announced in March 2023 that enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**") from January 1, 2023 onwards. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

13 INCOME TAX (CONTINUED)

(e) Withholding tax in Mainland China ("WHT")

According to applicable tax regulations prevailing in Mainland China, distribution of profits earned by companies 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 investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group did not have distributable retained earnings in Mainland China, so no deferred tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

The income tax expenses of the Group during the years ended December 31, 2024 and 2023 are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Current income tax	**(651)**	(1,508)
Deferred income tax *(Note 32)*	**501**	1,018
Income tax expenses	**(150)**	(490)

13 INCOME TAX (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in Mainland China, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Profit before income tax	**15,494**	6,889
Tax calculated at statutory income tax rate of 25% in Mainland China	**(3,874)**	(1,722)
Tax effects of:		
— Effect of different tax rates in other jurisdictions	**48**	(226)
— Effect of preferential income tax rates of certain subsidiaries	**630**	486
— Deductible temporary differences and tax losses for which no deferred tax assets were recognized	**(432)**	(800)
— Expenses not deductible for income tax purposes	**(142)**	(259)
— Utilization of deductible temporary differences and tax losses for which no deferred tax assets were previously recognized	**492**	50
— Super deduction for research and development expenses	**1,287**	956
— Income not subject to tax	**167**	12
— Recognition of deferred income tax assets previously unrecognized	**1,508**	809
— Others	**166**	204
	(150)	(490)

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development ("**OECD**") Pillar Two model rules. Since the Pillar Two legislation was not effective in any of the jurisdictions the Group' entities operate at the reporting date, the Group had no Pillar Two related current tax exposure for the year ended December 31, 2024. The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax.

As of December 31, 2024, the Group mainly operated in Mainland China, Hong Kong and Singapore. Given Pillar Two legislation implementation is scheduled from January 1, 2025 in Singapore and Hong Kong, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Under the legislation, it exposes a top-up tax on excess profits arising in a jurisdiction whenever its effective tax rate determined by the Pillar Two legislation on a jurisdictional basis is below a minimum rate of 15%.

Based on management's assessment, the application of the Pillar Two legislation is not expected to have a material impact to the Group once effective in 2025.

14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2024	2023
Earnings attributable to equity holders of the Company *(RMB millions)*	**15,335**	6,396
Weighted average number of ordinary shares in issue *(million shares)*	**4,305**	4,314
Basic earnings per share *(expressed in RMB per share)*	**3.56**	1.48

(b) Diluted earnings per share

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. During the years ended December 31, 2024 and 2023, the Company had two categories of potential ordinary shares: share options and RSUs.

	Year ended December 31,	
	2024	2023
Earnings attributable to equity holders of the Company *(RMB millions)*	**15,335**	6,396
Weighted average number of ordinary shares in issue *(million shares)*	**4,305**	4,314
Adjustments for share options and RSUs *(million shares)*	**101**	127
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share *(million shares)*	**4,406**	4,441
Diluted earnings per share *(expressed in RMB per share)*	**3.48**	1.44

15 PROPERTY AND EQUIPMENT

The detailed information of property and equipment is as follows:

	Buildings *RMB'Million*	Servers, computers and equipment *RMB'Million*	Office equipment *RMB'Million*	Leasehold improvements *RMB'Million*	Construction in progress *RMB'Million*	Total *RMB'Million*
At January 1, 2024						
Cost	3,039	24,153	101	965	102	28,360
Accumulated depreciation	(282)	(15,344)	(54)	(324)	—	(16,004)
Net book amount	2,757	8,809	47	641	102	12,356
Year ended December 31, 2024						
Opening net book amount	2,757	8,809	47	641	102	12,356
Currency translation differences	—	7	—	1	—	8
Additions	—	6,211	14	7	368	6,600
Transfers	48	188	—	35	(271)	—
Disposals	—	(33)	(1)	(35)	—	(69)
Depreciation charge	(149)	(3,767)	(21)	(127)	—	(4,064)
Closing net book amount	2,656	11,415	39	522	199	14,831
At December 31, 2024						
Cost	3,087	29,975	109	904	199	34,274
Accumulated depreciation	(431)	(18,560)	(70)	(382)	—	(19,443)
Net book amount	2,656	11,415	39	522	199	14,831
At January 1, 2023						
Cost	2,741	21,487	76	574	824	25,702
Accumulated depreciation	(138)	(11,956)	(39)	(354)	—	(12,487)
Net book amount	2,603	9,531	37	220	824	13,215
Year ended December 31, 2023						
Opening net book amount	2,603	9,531	37	220	824	13,215
Currency translation differences	—	8	—	1	—	9
Additions	—	2,927	34	41	178	3,180
Transfers	298	—	—	602	(900)	—
Disposals	—	(14)	(2)	(43)	—	(59)
Depreciation charge	(144)	(3,643)	(22)	(180)	—	(3,989)
Closing net book amount	2,757	8,809	47	641	102	12,356
At December 31, 2023						
Cost	3,039	24,153	101	965	102	28,360
Accumulated depreciation	(282)	(15,344)	(54)	(324)	—	(16,004)
Net book amount	2,757	8,809	47	641	102	12,356

15 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cost of revenues	**3,745**	3,644
Selling and marketing expenses	**41**	50
Administrative expenses	**50**	52
Research and development expenses	**228**	243
	4,064	3,989

16 LEASE

(a) Items recognized in the consolidated balance sheet

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Right-of-use assets		
Internet data centers	**7,131**	8,261
Office buildings	**1,733**	2,111
Land use rights	**27**	27
	8,891	10,399

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Lease liabilities		
Current	**3,671**	3,327
Non-current	**6,765**	8,405
	10,436	11,732

Additions and modifications to the right-of-use assets for the year ended December 31, 2024 was approximately RMB2.5 billion (2023: RMB4.2 billion). For details, please refer to Note 33(c).

16 LEASE (CONTINUED)

(b) Items recognized in the consolidated income statement and consolidated statement of cash flows

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Depreciation charge of right-of-use assets		
— Internet data centers	**2,588**	2,546
— Office buildings	**383**	518
— Land use rights	**1**	1
Interest expense (included in finance income, net)	**513**	495
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	**56**	127
	3,541	3,687

The total cash outflows for leases (not including those for short-term leases which has been included as cash outflows from operating activities) for the year ended December 31, 2024 was approximately RMB3.2 billion (2023: RMB3.5 billion).

17 INTANGIBLE ASSETS

The detailed information of intangible assets is as follows:

	Goodwill *(Note a)* *RMB'Million*	Licenses and copyrights *RMB'Million*	Trademarks and domain name *RMB'Million*	Software *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2024						
Cost	845	706	16	178	10	1,755
Accumulated amortization and impairment	—	(538)	(9)	(125)	(10)	(682)
Net book amount	845	168	7	53	—	1,073
Year ended December 31, 2024						
Opening net book amount	845	168	7	53	—	1,073
Additions	—	101	—	29	—	130
Disposals	—	(12)	—	(26)	—	(38)
Impairment charge	—	(2)	—	—	—	(2)
Amortization charge	—	(79)	(1)	(24)	—	(104)
Closing net book amount	845	176	6	32	—	1,059
At December 31, 2024						
Cost	845	471	16	134	10	1,476
Accumulated amortization and impairment	—	(295)	(10)	(102)	(10)	(417)
Net book amount	845	176	6	32	—	1,059
At January 1, 2023						
Cost	845	662	16	124	10	1,657
Accumulated amortization and impairment	—	(431)	(8)	(86)	(9)	(534)
Net book amount	845	231	8	38	1	1,123
Year ended December 31, 2023						
Opening net book amount	845	231	8	38	1	1,123
Additions	—	44	—	54	—	98
Amortization charge	—	(107)	(1)	(39)	(1)	(148)
Closing net book amount	845	168	7	53	—	1,073
At December 31, 2023						
Cost	845	706	16	178	10	1,755
Accumulated amortization and impairment	—	(538)	(9)	(125)	(10)	(682)
Net book amount	845	168	7	53	—	1,073

17 INTANGIBLE ASSETS (CONTINUED)

Note a: For the purpose of impairment test of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose. The Group had two CGUs for the years ended December 31, 2024 and 2023. The management allocated all goodwill to its domestic CGU as the goodwill was only attributable to the domestic business.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2024 and 2023 according to IAS 36 "Impairment of assets". The Group conducted the annual impairment test on goodwill by comparing the recoverable amount to the carrying amount as of December 31, 2024 and 2023. The recoverable amount is determined based on the higher amount of value-in-use calculations and fair value less costs of disposal. As the recoverable amount was higher than the carrying amount, no impairment for the CGU was recorded.

Amortization expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cost of revenues	**56**	88
Administrative expenses	**26**	26
Research and development expenses	**22**	34
	104	148

18 FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by category as of December 31, 2024 and 2023 is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Assets as per consolidated balance sheet		
Financial assets at fair value through profit or loss	**51,480**	30,373
Financial assets measured at amortized cost:		
— Trade receivables	**6,674**	6,457
— Prepayments, other receivables and other current assets (excluding non-financial assets)	**1,405**	2,089
— Other financial assets at amortized cost	**295**	1,233
— Other non-current assets	**120**	135
— Time deposits	**31,378**	19,639
— Restricted cash	**47**	128
— Cash and cash equivalents	**12,697**	12,905
Total	**104,096**	72,959

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Liabilities as per consolidated balance sheet		
Financial liabilities at fair value through profit or loss	**129**	—
Financial liabilities measured at amortized cost:		
— Accounts payables	**27,470**	23,601
— Other payables and accruals (excluding non-financial liabilities)	**17,523**	11,363
— Borrowings	**11,100**	—
— Lease liabilities	**10,436**	11,732
Total	**66,658**	46,696

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Investments in an associate accounted for using the equity method		
— Listed entity	**166**	214

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
At the beginning of the year	**214**	268
Share of loss	**(29)**	(81)
Currency translation differences	**3**	6
Share of other comprehensive (loss)/income	**(3)**	14
Share of other changes in net assets	**(19)**	7
At the end of the year	**166**	214

During the years ended December 31, 2024 and 2023, there were no indicators for impairment of the investment, so no impairment loss was recognized.

20 INVESTMENTS

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Non-current assets		
Financial assets at fair value through profit or loss		
— Investments in unlisted entities	**2,719**	2,609
— Investment in a listed entity	**80**	52
— Wealth management products and others	**21,338**	2,584
— Derivative financial instruments	**293**	—
	24,430	5,245
Other financial assets at amortized cost *(Note a)*	**62**	283
	24,492	5,528
Current assets		
Financial assets at fair value through profit or loss		
— Investment in a listed entity	**6**	8
— Wealth management products and others	**27,044**	25,120
	27,050	25,128
Other financial assets at amortized cost *(Note a)*	**233**	950
	27,283	26,078
Total	**51,775**	31,606

Note a: Investments measured at amortized cost are mainly debt securities in USD, which are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is recorded in other income using the effective interest rate method. None of these investments were past due.

Movements in financial assets at fair value through profit or loss are as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
At the beginning of the year	**30,373**	16,713
Additions	**97,012**	61,263
Disposals	**(77,882)**	(48,101)
Change in fair value through profit or loss	**1,713**	384
Currency translation differences	**264**	114
At the end of the year	**51,480**	30,373

21 TRADE RECEIVABLES

The detailed information of trade receivables is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Trade receivables from contracts with customers	**6,827**	6,595
Less: credit loss allowances	**(153)**	(138)
	6,674	6,457

The Group generally grants a credit period of 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Up to 3 months	**6,021**	5,816
Over 3 months	**806**	779
	6,827	6,595

Movements on the Group's allowance for credit loss of trade receivables are as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
At the beginning of the year	**(138)**	(45)
Additional provision	**(15)**	(93)
At the end of the year	**(153)**	(138)

22 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The detailed information of prepayments, other receivables and other current assets as of December 31, 2024 and 2023 is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Recoverable VAT and other tax prepayments	**1,944**	1,739
Receivables from third parties	**1,192**	1,818
Prepaid promotion and marketing fees	**582**	659
Prepayments for content and other services	**551**	350
Deposits	**138**	161
Others	**288**	206
	4,695	4,933
Less: credit loss allowances	**(49)**	(14)
	4,646	4,919

23 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cash at bank and held in other financial institutions	**11,816**	9,446
Time deposits with initial terms within three months	**881**	3,459
	12,697	12,905

23 CASH AND BANK BALANCES (CONTINUED)

(a) Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**10,934**	7,609
USD	**1,488**	4,432
HKD	**111**	744
Others	**164**	120
	12,697	12,905

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**47**	126
USD	**—**	2
	47	128

(c) Time deposits

Time deposits are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**28,178**	14,706
USD	**3,189**	4,580
HKD	**—**	342
Others	**11**	11
	31,378	19,639

24 SHARE CAPITAL

Authorized:

As of December 31, 2024 and 2023, the authorized share capital of the Company comprised 9,433,962,264 ordinary shares with par value of US$0.0000053 per share.

Issued:

	Number of ordinary shares *'Million*	Nominal value of ordinary shares *USD'Million*	Equivalent nominal value of ordinary shares *RMB'Million*	Share premium *RMB'Million*
At January 1, 2023	4,294	—	—	274,473
Exercise of share options and vesting of RSUs	62	—	—	199
Cancelation of shares	(23)	—	—	(1,213)
At December 31, 2023	4,333	—	—	273,459
Exercise of share options and vesting of RSUs	**61**	**—**	**—**	**29**
Cancelation of shares	**(117)**	**—**	**—**	**(4,755)**
At December 31, 2024	**4,277**	**—**	**—**	**268,733**

25 OTHER RESERVES

The following table shows a breakdown of the balance sheet line item "other reserves" and the movements in these reserves during the years.

	Capital reserve	Share-based compensation	Currency translation differences *(Note a)*	Statutory surplus reserve *(Note b)*	Investments in associates	Others	Total
	RMB'Million	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*
At January 1, 2024	**(364)**	**21,357**	**11,948**	**265**	**70**	**(93)**	**33,183**
Share-based compensation	—	**2,349**	—	—	—	—	**2,349**
Currency translation differences	—	—	**258**	—	—	—	**258**
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	—	**(3)**	—	**(3)**
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	**(19)**	—	**(19)**
Appropriations to statutory reserves	—	—	—	**8**	—	—	**8**
At December 31, 2024	**(364)**	**23,706**	**12,206**	**273**	**48**	**(93)**	**35,776**
At January 1, 2023	(364)	17,787	11,600	260	49	(93)	29,239
Share-based compensation	—	3,570	—	—	—	—	3,570
Currency translation differences	—	—	348	—	—	—	348
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	14	—	14
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	7	—	7
Appropriations to statutory reserves	—	—	—	5	—	—	5
At December 31, 2023	(364)	21,357	11,948	265	70	(93)	33,183

Note a: Currency translation differences represent the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

Note b: In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserve fund can be capitalized as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.

26 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2024 and 2023.

27 SHARE-BASED COMPENSATION

On December 22, 2014, the board of directors of the Company approved the establishment of Pre-IPO ESOP Plan with the purpose of attracting, motivating, retaining and rewarding certain employees, directors and other eligible persons. Pre-IPO ESOP Plan is valid and effective for 10 years from the approval of the board of directors. The maximum number of shares that may be issued under Pre-IPO ESOP Plan shall be 312,661,648 of ordinary shares, which were adjusted to 509,616,655 ordinary shares in February 2015 and further to 711,946,697 ordinary shares in February 2018. Pre-IPO ESOP Plan permits the awards of options.

The Post-IPO Share Option Scheme and RSU Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021 to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them. The Post-IPO Share Option Scheme and RSU Scheme commenced on February 5, 2021 and was terminated upon the 2023 Share Incentive Scheme becoming unconditional and effective on June 23, 2023.

The 2023 Share Incentive Scheme was approved and adopted by the Shareholders on June 16, 2023, which shall be valid and effective for a period of ten years commencing from June 16, 2023. The purposes of the 2023 Share Incentive Scheme are to recognize and reward eligible participants for their contribution to the Group, to attract and retain best available personnel, and to encourage eligible participants to work towards enhancing the value of the Company and its shares.

Pre-IPO ESOP Plan

Share options granted to employees

The majority of share options have graded vesting terms, and will be vested from the grant date over 4 years on the condition that employees remain in service without any performance requirements.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the award agreement. The options are exercisable for a maximum period of 10 years after the date of grant.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Share options granted to employees (Continued)

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2024	**57,491,358**	**12.66**
Forfeited during the year	**(2,347,359)**	**15.35**
Exercised during the year	**(20,353,977)**	**1.03**
Outstanding as of December 31, 2024	**34,790,022**	**19.28**
Exercisable as of December 31, 2024	**33,006,371**	**20.31**

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	88,120,752	10.32
Forfeited during the year	(8,545,105)	19.88
Exercised during the year	(22,084,289)	0.52
Outstanding as of December 31, 2023	57,491,358	12.66
Exercisable as of December 31, 2023	44,417,778	16.29

The weighted average remaining contract life for outstanding share options was 4.57 years and 5.78 years as of December 31, 2024 and 2023, respectively. The weighted average price of the shares at the time these share options were exercised was HKD48.86 per share during the year ended December 31, 2024.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Fair value of share options

The Group used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as the discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option at the grant date.

Post-IPO Share Option Scheme

Share options granted to employees

The share options have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2024	**85,934,274**	**67.34**
Forfeited during the year	**(19,513,619)**	**74.25**
Exercised during the year	**(163,600)**	**53.69**
Outstanding as of December 31, 2024	**66,257,055**	**65.34**
Exercisable as of December 31, 2024	**48,440,935**	**65.94**

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Share options granted to employees (Continued)

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	83,431,558	67.67
Granted during the year	16,096,810	61.95
Forfeited during the year	(10,275,297)	63.21
Exercised during the year	(3,318,797)	62.25
Outstanding as of December 31, 2023	85,934,274	67.34
Exercisable as of December 31, 2023	35,864,337	65.95

The weighted average remaining contract life for outstanding share options was 3.16 years and 4.31 years as of December 31, 2024 and 2023, respectively. The weighted average price of the shares at the time these share options were exercised was HKD58.00 per share during the year ended December 31, 2024.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Fair value of share options

Based on fair value of the underlying ordinary shares, the Group used Binomial model to determine the fair value of the share option at the grant date. There was no share option granted during the year ended December 31,2024. Key assumptions for the year ended December 31, 2023 are as follows:

	Year ended December 31, 2023
Fair value of ordinary shares *(HKD)*	59.90–68.15
Exercise price *(HKD)*	59.40–72.63
Risk-free interest rate	2.98%–3.42%
Dividend yield	0.00%
Expected volatility	62.7%–68.9%
Expected terms	6.8–7 years

The risk-free interest rate is based on the yield to maturity of Hong Kong government bond with a term commensurate with the maturity of the share options as of the grant date. Given the limited trading period of the Company as of the grant date, the expected volatility is estimated based on the historical daily share price volatility of comparable companies and the Company itself with a time horizon close to the life to expiration of the share options. Dividend yield is based on management's estimation at the grant date.

The weighted average grant date fair value of granted share options was HKD34.18 per share for the year ended December 31, 2023.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO RSU Scheme

RSUs granted to employees

The RSUs under the Post-IPO RSU Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the Post-IPO RSU Scheme and the respective weighted average grant date fair value are as follows:

	Number of RSUs	**Weighted average grant date fair value per RSU** *HKD*
Outstanding as of January 1, 2024	**103,672,599**	**75.74**
Forfeited during the year	**(18,555,738)**	**78.52**
Vested during the year	**(34,431,727)**	**86.87**
Outstanding as of December 31, 2024	**50,685,134**	**67.16**

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	128,560,217	93.51
Granted during the year	33,831,540	49.49
Forfeited during the year	(25,972,579)	96.45
Vested during the year	(32,746,579)	101.95
Outstanding as of December 31, 2023	103,672,599	75.74

27 SHARE-BASED COMPENSATION (CONTINUED)

2023 Share Incentive Scheme

The RSUs under the 2023 Share Incentive Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the 2023 Share Incentive Scheme and the respective weighted average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2024	**15,074,574**	**62.08**
Granted during the year	**82,144,918**	**44.68**
Forfeited during the year	**(8,294,845)**	**49.96**
Vested during the year	**(4,320,798)**	**59.33**
Outstanding as of December 31, 2024	**84,603,849**	**46.51**

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	—	—
Granted during the year	15,580,769	62.13
Forfeited during the year	(505,907)	63.72
Vested during the year	(288)	64.40
Outstanding as of December 31, 2023	15,074,574	62.08

The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date.

The share-based compensation expenses of RMB2.3 billion and RMB3.6 billion were recognized in the consolidated income statement for the years ended December 31, 2024 and 2023, respectively.

28 BORROWINGS

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Unsecured bank loans *(Note a)*	**11,100**	—

Note a: As of December 31, 2024, unsecured bank loans were RMB11.1 billion, with a term of 3 years and floating interest rate. The annual average interest rate was 3.38%. Loans are repayable upon the maturity in 2027.

29 ACCOUNTS PAYABLES

The aging analysis of accounts payables based on invoice date is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Up to 3 months	**18,266**	16,447
3 to 6 months	**3,133**	2,479
6 months to 1 year	**4,626**	3,165
Over 1 year	**1,445**	1,510
	27,470	23,601

30 OTHER PAYABLES AND ACCRUALS

The breakdown of other payables and accruals is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Notes payable	**7,997**	3,990
Refundable deposits from customers	**7,701**	6,103
Employee benefit payables	**4,812**	4,662
Other taxes payable	**778**	567
Others	**1,825**	1,270
	23,113	16,592

30 OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Notes payable arrangements

The Group has entered into arrangements with its suppliers and certain banks since 2022, under which the payable to suppliers is settled through notes, whose payment is guaranteed by the banks. When the suppliers further discount the notes from the contracted banks, they get cash from the banks on behalf of the Group on an agreed date, with discount interests borne and paid by the Group. The Group undertakes the obligation to make payment to the contracted banks, thus derecognizes the payable presented under "accounts payables" that owes its suppliers and recognizes a payable that owes the contracted banks, which is presented as notes payable under "other payables and accruals" upon the settlement with the suppliers. The Group repays the banks the principal on the maturity date of the notes.

The range of payment due dates is as follows:

	Year ended December 31, 2024
Notes payable	**97–244 days after invoice date**
Comparable accounts payables that are not part of the arrangements (same line of business)	**0–90 days after invoice date**

The carrying amount of liabilities under the arrangements was RMB8,015 million and RMB4,058 million as of December 31, 2024 and January 1, 2024, respectively. The carrying amount of liabilities under the arrangements of which the supplier has received payment from banks was RMB7,997 million as of December 31, 2024.

Based on the terms and conditions of the arrangements, the Group considers the cash flows in substance occur for the Group in the transactions where it directs the contracted banks to pay the suppliers on the Group's behalf. Therefore, when the banks pay the payable the Group owes its suppliers on its behalf, the Group presents a financing cash inflow and an operating, investing or financing cash outflow related to the affected payable the Group owes its suppliers. When the Group subsequently pays to the banks when the notes mature, the Group presents the cash flow as a financing cash outflow. For details, please refer to Note 33(c).

31 ADVANCES FROM CUSTOMERS

The breakdown of advances from customers is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Advances from online marketing services customers	**2,776**	2,267
Advances from live streaming customers	**1,833**	1,698
Others	**87**	71
	4,696	4,036

31 ADVANCES FROM CUSTOMERS (CONTINUED)

The above mentioned advances from customers represented the contract liability in connection with the advanced cash receipts for online marketing services and advances for the purchase of virtual items and other services. Revenue recognized from the advances from customers balance as of January 1, 2024 in the year of 2024 was RMB2.4 billion (2023: RMB1.7 billion was recognized from the advances from customers balance as of January 1, 2023).

32 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities before offsetting, the offsetting amount, as well as the deferred tax assets and liabilities after offsetting are as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Deferred tax assets:		
To be recovered after 12 months	**4,009**	3,792
To be recovered within 12 months	**4,093**	4,191
	8,102	7,983
Deferred tax liabilities:		
To be settled after 12 months	**1,004**	1,338
To be settled within 12 months	**507**	555
	1,511	1,893
Offsetting amounts	**1,498**	1,875
Deferred tax assets after offsetting	**6,604**	6,108
Deferred tax liabilities after offsetting	**13**	18

32 DEFERRED INCOME TAX (CONTINUED)

The movements of deferred tax assets before offsetting are as follows:

	Accrued liabilities and provisions *RMB'Million*	Lease liabilities *RMB'Million*	Tax losses *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2024	**3,545**	**1,969**	**2,357**	**112**	**7,983**
(Debited)/credited to the consolidated income statement	**(749)**	**(370)**	**1,205**	**33**	**119**
At December 31, 2024	**2,796**	**1,599**	**3,562**	**145**	**8,102**
At January 1, 2023	3,359	2,030	1,548	106	7,043
Credited/(debited) to the consolidated income statement	186	(61)	809	6	940
At December 31, 2023	3,545	1,969	2,357	112	7,983

32 DEFERRED INCOME TAX (CONTINUED)

The unrecognized deferred tax assets for tax losses are as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Deductible cumulative tax losses		
— To be carried forward indefinitely	**20,165**	20,620
— To be expired within following years*	**7,846**	17,480
	28,011	38,100
Unrecognized deferred tax assets	**4,889**	6,431

* As of December 31, 2024, the deductible cumulative tax losses will expire within 10 years (2023: 10 years).

The movements of deferred tax liabilities before offsetting are as follows:

	Right-of-use assets *RMB'Million*	**Others** *RMB'Million*	**Total** *RMB'Million*
At January 1, 2024	**1,851**	**42**	**1,893**
Credited to the consolidated income statement	**(376)**	**(6)**	**(382)**
At December 31, 2024	**1,475**	**36**	**1,511**
At January 1, 2023	1,921	50	1,971
Credited to the consolidated income statement	(70)	(8)	(78)
At December 31, 2023	1,851	42	1,893

33 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Profit before income tax	**15,494**	6,889
Adjustments for:		
Depreciation of property and equipment	**4,064**	3,989
Depreciation of right-of-use assets	**2,972**	3,065
Amortization of intangible assets	**104**	148
Credit loss allowances on financial assets	**52**	93
Provision for impairment of intangible assets	**2**	—
Net gains arising from disposals of subsidiaries	**(5)**	—
Share-based compensation expenses	**2,349**	3,570
Net gains on disposal of property and equipment, intangible assets and right-of-use assets	**(98)**	(87)
Net fair value gains on financial assets at fair value through profit or loss	**(1,684)**	(384)
Share of losses of investments accounted for using the equity method	**29**	81
Interest income from financial assets measured at amortized cost	**(36)**	(55)
Finance income, net	**(13)**	(156)
Net foreign exchange losses/(gains)	**68**	(8)
Changes in working capital:		
— Increase in trade receivables	**(224)**	(257)
— Decrease/(increase) in prepayments, other receivables and other assets	**490**	(764)
— Decrease/(increase) in restricted cash	**81**	(122)
— Increase in accounts payables	**3,468**	1,677
— Increase in advances from customers	**660**	785
— Increase in other payables and accruals	**3,037**	3,524
— (Decrease)/increase in other non-current liabilities	**(2)**	16
Cash generated from operations	**30,808**	22,004

33 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Non-cash transactions are about the additions as well as modifications of right-of-use assets and lease liabilities described in Note 16, and the share-based compensation described in Note 27. Other than these, there were no other material non-cash investing and financing transactions for the years ended December 31, 2024 and 2023.

(c) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities				
	Borrowings and related interests *RMB'Million*	Notes payable *RMB'Million*	Liability from notes receivable factoring to banks *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2024	—	3,990	—	11,732	15,722
Financing cash flows					
— Proceeds from borrowings	12,379	—	—	—	12,379
— Repayments of borrowings and related interests	(1,454)	—	—	—	(1,454)
— Payments for principal elements of lease and related interests	—	—	—	(3,228)	(3,228)
— Proceeds received under notes payable transaction	—	14,892	—	—	14,892
— Proceeds received from notes receivable factoring to banks	—	—	9,734	—	9,734
— Payments for principal of matured notes	—	(10,885)	(9,773)	—	(20,658)
Other changes					
— Interests expense from borrowings	187	—	—	—	187
— Foreign exchange adjustments	(2)	—	—	—	(2)
— Increase in lease liabilities from entering into new leases	—	—	—	2,356	2,356
— Decrease in lease liabilities from disposal of right-of-use assets	—	—	—	(1,037)	(1,037)
— Lease modification	—	—	—	100	100
— Interest expense from lease liabilities	—	—	—	513	513
— Interests on notes receivable factoring to banks	—	—	39	—	39
Liabilities from financing activities as of December 31, 2024	11,110	7,997	—	10,436	29,543

33 CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities generated from financing activities (Continued)

	Liabilities from financing activities			
	Notes payable *RMB'Million*	Liability from notes receivable factoring to banks *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2023	738	—	12,196	12,934
Financing cash flows				
— Payments for principal elements of lease and related interests	—	—	(3,451)	(3,451)
— Proceeds received under notes payable transaction	7,524	—	—	7,524
— Proceeds received from notes receivable factoring to banks	—	3,735	—	3,735
— Payments for principal of matured notes	(4,272)	(3,753)	—	(8,025)
Other changes				
— Increase in lease liabilities from entering into new leases	—	—	4,169	4,169
— Decrease in lease liabilities from disposal of right-of-use assets	—	—	(1,677)	(1,677)
— Interest expense from lease liabilities	—	—	495	495
— Interests on notes receivable factoring to banks	—	18	—	18
Liabilities from financing activities as of December 31, 2023	3,990	—	11,732	15,722

34 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Property and equipment	**1,835**	512
Investments	**192**	212
Intangible assets	**—**	3
	2,027	727

35 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 subjected to common control. Members of the Group's key management and their close family members are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the years ended December 31, 2024 and 2023, and/or balances with the Group as of December 31, 2024 and 2023, respectively.

Company	Relationship
Tencent Holdings Limited and its subsidiaries ("**Tencent Group**")	One of the Company's shareholders
Zhihu Inc. and its subsidiaries	Investee of the Group
SHAREit Technology Holdings Inc. and its subsidiaries	Investee of the Group
Yixin Youxuan Information Technology (Shandong) Group Co., Ltd. and its subsidiaries	Investee of the Group
Chengdu Qingsong Digital Information Technology Co., Ltd and its subsidiaries ("**Chengdu Qingsong**")	Entities controlled by senior managements of the Group

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

		Year ended December 31,	
		2024	2023
		RMB'Million	*RMB'Million*
(i)	Provision of services		
	Tencent Group	**399**	167
	Others	**138**	310
		537	477

		Year ended December 31,	
		2024	2023
		RMB'Million	*RMB'Million*
(ii)	Purchases of services		
	Tencent Group	**4,093**	5,066
	Others	**90**	25
		4,183	5,091

(c) Balances with related parties

		As of December 31,	
		2024	2023
		RMB'Million	*RMB'Million*
(i)	Prepayments and other receivables from related parties		
	Tencent Group	**526**	422
	Chengdu Qingsong	**252**	—
		778	422

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (Continued)

		As of December 31,	
		2024	2023
		RMB'Million	*RMB'Million*
(ii)	Trade receivables from related parties		
	Tencent Group	**197**	224
	Others	**10**	48
		207	272

		As of December 31,	
		2024	2023
		RMB'Million	*RMB'Million*
(iii)	Accounts payables to related parties		
	Tencent Group	**282**	238
	Others	**62**	2
		344	240

All the balances with related parties above were business operation related and were considered as trade in nature as of December 31, 2024 and 2023. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**19,585**	21,579
Discretionary bonuses	**15,358**	14,739
Share-based compensation expenses *(Note a)*	**158,160**	233,578
Pension costs-defined contribution plans	**295**	324
Other social security costs, housing benefits and other employee benefits	**380**	424
	193,778	270,644

Note a: Under IFRS 2, the accelerated method is required to recognize compensation expenses for equity awards.

36 CONTINGENCIES

As of December 31, 2024, the Group did not have any material contingent liabilities.

37 SUBSEQUENT EVENTS

There was no material subsequent events during the period from December 31, 2024 to the approval date of these consolidated financial statements by the Board on March 25, 2025.

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
ASSETS			
Non-current assets			
Property and equipment		5	—
Right-of-use assets		7	—
Investments in subsidiaries		23,706	21,357
		23,718	21,357
Current assets			
Prepayments, other receivables and other current assets		69,800	73,484
Short-term time deposits		—	502
Cash and cash equivalents		108	61
		69,908	74,047
Total assets		93,626	95,404
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*24*	—	—
Share premium	*24,38(b)*	268,733	273,459
Treasury shares	*38(b)*	(341)	(88)
Other reserves	*38(b)*	40,257	36,845
Accumulated losses	*38(b)*	(215,169)	(214,823)
Total equity		93,480	95,393

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Balance sheet of the Company (Continued)

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
LIABILITIES			
Non-Current liabilities			
Lease liabilities		4	—
		4	—
Current liabilities			
Accounts payables		11	8
Other payables and accruals		128	3
Lease liabilities		3	—
		142	11
Total liabilities		146	11
Total equity and liabilities		93,626	95,404

CHENG Yixiao
Director

SU Hua
Director

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium *RMB'Million*	Treasury shares *RMB'Million*	Share-based compensation *RMB'Million*	Currency translation differences *RMB'Million*	Capital reserve *RMB'Million*	Accumulated losses *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
As of January 1, 2024	**273,459**	**(88)**	**21,357**	**15,943**	**(362)**	**(214,823)**	**(93)**	**95,393**
Share-based compensation	—	—	2,349	—	—	—	—	2,349
Exercise of share options and vesting of RSUs	29	—	—	—	—	—	—	29
Currency translation differences	—	—	—	1,063	—	—	—	1,063
Repurchase of shares (to be canceled)	—	(5,008)	—	—	—	—	—	(5,008)
Cancelation of shares	(4,755)	4,755	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(346)	—	(346)
As of December 31, 2024	**268,733**	**(341)**	**23,706**	**17,006**	**(362)**	**(215,169)**	**(93)**	**93,480**
As of January 1, 2023	274,473	—	17,787	14,657	(362)	(214,243)	(93)	92,219
Share-based compensation	—	—	3,570	—	—	—	—	3,570
Exercise of share options and vesting of RSUs	199	—	—	—	—	—	—	199
Currency translation differences	—	—	—	1,286	—	—	—	1,286
Repurchase of shares (to be canceled)	—	(1,301)	—	—	—	—	—	(1,301)
Cancelation of shares	(1,213)	1,213	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(580)	—	(580)
As of December 31, 2023	273,459	(88)	21,357	15,943	(362)	(214,823)	(93)	95,393

羅兵咸永道

Report on Review of Interim Financial Information To the Board of Directors of Kuaishou Technology

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 29, which comprises the condensed consolidated balance sheet of Kuaishou Technology (the "Company") and its subsidiaries (together, the "Group") as of September 30, 2025 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes. 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, November 19, 2025

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Condensed Consolidated Income Statement

	Note	Unaudited Three months ended September 30, 2025 RMB'Million	Unaudited Three months ended September 30, 2024 RMB'Million	Unaudited Nine months ended September 30, 2025 RMB'Million	Unaudited Nine months ended September 30, 2024 RMB'Million
Revenues	7	**35,554**	31,131	**103,208**	91,514
Cost of revenues	9	**(16,120)**	(14,217)	**(46,478)**	(41,345)
Gross profit		**19,434**	16,914	**56,730**	50,169
Selling and marketing expenses	9	**(10,420)**	(10,364)	**(30,820)**	(29,788)
Administrative expenses	9	**(688)**	(796)	**(2,413)**	(2,050)
Research and development expenses	9	**(3,650)**	(3,100)	**(10,348)**	(8,748)
Other income		**27**	194	**96**	346
Other gains, net	8	**596**	271	**1,602**	1,090
Operating profit		**5,299**	3,119	**14,847**	11,019
Finance (expense)/income, net		**(40)**	37	**(118)**	217
Share of profits/(losses) of investments accounted for using the equity method		**3**	(6)	**(7)**	(28)
Profit before income tax		**5,262**	3,150	**14,722**	11,208
Income tax (expenses)/benefits	10	**(773)**	120	**(1,332)**	162
Profit for the period		**4,489**	3,270	**13,390**	11,370
Attributable to:					
— Equity holders of the Company		**4,488**	3,268	**13,388**	11,366
— Non-controlling interests		**1**	2	**2**	4
		4,489	3,270	**13,390**	11,370
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)	11				
Basic earnings per share		**1.05**	0.76	**3.13**	2.64
Diluted earnings per share		**1.02**	0.75	**3.05**	2.58

The accompanying notes on pages 9 to 29 form an integral part of this interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	Note	Unaudited Three months ended September 30,		Unaudited Nine months ended September 30,	
		2025	2024	**2025**	2024
		RMB'Million	*RMB'Million*	***RMB'Million***	*RMB'Million*
Profit for the period		**4,489**	3,270	**13,390**	11,370
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Share of other comprehensive income/(loss) of investments accounted for using the equity method		**—**	—	**1**	(3)
Currency translation differences		**(502)**	(1,193)	**(786)**	(735)
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		**392**	925	**615**	580
Other comprehensive loss for the period, net of taxes		**(110)**	(268)	**(170)**	(158)
Total comprehensive income for the period		**4,379**	3,002	**13,220**	11,212
Attributable to:					
— Equity holders of the Company		**4,378**	3,000	**13,218**	11,208
— Non-controlling interests		**1**	2	**2**	4
		4,379	3,002	**13,220**	11,212

The accompanying notes on pages 9 to 29 form an integral part of this interim financial information.

Condensed Consolidated Balance Sheet

	Note	**Unaudited As of September 30, 2025** ***RMB'Million***	Audited As of December 31, 2024 *RMB'Million*
ASSETS			
Non-current assets			
Property and equipment	*12*	**21,538**	14,831
Right-of-use assets	*13*	**8,487**	8,891
Intangible assets		**1,007**	1,059
Investments accounted for using the equity method		**160**	166
Financial assets at fair value through profit or loss	*14*	**29,453**	24,430
Other financial assets at amortized cost	*14*	**36**	62
Deferred tax assets		**6,093**	6,604
Long-term time deposits		**21,515**	19,856
Other non-current assets		**2,892**	1,105
		91,181	77,004
Current assets			
Trade receivables	*15*	**6,850**	6,674
Prepayments, other receivables and other current assets		**6,920**	4,646
Financial assets at fair value through profit or loss	*14*	**39,098**	27,050
Other financial assets at amortized cost	*14*	**41**	233
Short-term time deposits		**6,514**	11,522
Restricted cash		**208**	47
Cash and cash equivalents		**12,919**	12,697
		72,550	62,869
Total assets		**163,731**	139,873

Condensed Consolidated Balance Sheet

	Note	**Unaudited As of September 30, 2025** ***RMB'Million***	Audited As of December 31, 2024 *RMB'Million*
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**—**	—
Share premium		**265,815**	268,733
Treasury shares		**—**	(341)
Other reserves		**37,576**	35,776
Accumulated losses		**(228,776)**	(242,164)
		74,615	62,004
Non-controlling interests		**21**	20
Total equity		**74,636**	62,024
LIABILITIES			
Non-current liabilities			
Borrowings	*17*	**11,098**	11,100
Financial liabilities at fair value through profit or loss		**90**	124
Lease liabilities	*13*	**6,049**	6,765
Deferred tax liabilities		**64**	13
Other non-current liabilities		**15**	19
		17,316	18,021
Current liabilities			
Accounts payables	*18*	**27,343**	27,470
Other payables and accruals	*19*	**30,696**	23,113
Dividend payable	*16*	**1,814**	—
Advances from customers		**5,317**	4,696
Borrowings	*17*	**1,990**	—
Financial liabilities at fair value through profit or loss		**3**	5
Income tax liabilities		**588**	873
Lease liabilities	*13*	**4,028**	3,671
		71,779	59,828
Total liabilities		**89,095**	77,849
Total equity and liabilities		**163,731**	139,873

The accompanying notes on pages 9 to 29 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity

	Note	Unaudited Attributable to equity holders of the Company Share capital *RMB 'Million*	Share premium *RMB 'Million*	Treasury shares *RMB 'Million*	Other reserves *RMB 'Million*	Accumulated losses *RMB 'Million*	Subtotal *RMB 'Million*	Non-controlling interests *RMB 'Million*	Total *RMB 'Million*
Balance at January 1, 2025		**—**	**268,733**	**(341)**	**35,776**	**(242,164)**	**62,004**	**20**	**62,024**
Profit for the period		**—**	**—**	**—**	**—**	**13,388**	**13,388**	**2**	**13,390**
Other comprehensive loss									
Share of other comprehensive income of investments accounted for using the equity method		**—**	**—**	**—**	**1**	**—**	**1**	**—**	**1**
Currency translation differences		**—**	**—**	**—**	**(171)**	**—**	**(171)**	**—**	**(171)**
Total comprehensive income for the period		**—**	**—**	**—**	**(170)**	**13,388**	**13,218**	**2**	**13,220**
Share of other changes in net assets of investments accounted for using the equity method		**—**	**—**	**—**	**2**	**—**	**2**	**—**	**2**
Transactions with owners in their capacity as owners									
Share-based compensation		**—**	**—**	**—**	**1,968**	**—**	**1,968**	**—**	**1,968**
Exercise of share options and vesting of restricted share units ("**RSUs**")		**—**	**1,158**	**—**	**—**	**—**	**1,158**	**—**	**1,158**
Cash dividends	*16*	**—**	**(1,820)**	**—**	**—**	**—**	**(1,820)**	**—**	**(1,820)**
Repurchase of shares (to be canceled)		**—**	**—**	**(1,915)**	**—**	**—**	**(1,915)**	**—**	**(1,915)**
Cancelation of shares		**—**	**(2,256)**	**2,256**	**—**	**—**	**—**	**—**	**—**
Deregistration of subsidiaries		**—**	**—**	**—**	**—**	**—**	**—**	**(1)**	**(1)**
Total transactions with owners in their capacity as owners		**—**	**(2,918)**	**341**	**1,968**	**—**	**(609)**	**(1)**	**(610)**
Balance at September 30, 2025		**—**	**265,815**	**—**	**37,576**	**(228,776)**	**74,615**	**21**	**74,636**

Condensed Consolidated Statement of Changes in Equity

	Note	Unaudited							
		Attributable to equity holders of the Company							
		Share capital *RMB'Million*	Share premium *RMB'Million*	Treasury shares *RMB'Million*	Other reserves *RMB'Million*	Accumulated losses *RMB'Million*	Subtotal *RMB'Million*	Non-controlling interests *RMB'Million*	Total *RMB'Million*
Balance at January 1, 2024		—	273,459	(88)	33,183	(257,491)	49,063	11	49,074
Profit for the period		—	—	—	—	11,366	11,366	4	11,370
Other comprehensive loss									
Share of other comprehensive loss of investments accounted for using the equity method		—	—	—	(3)	—	(3)	—	(3)
Currency translation differences		—	—	—	(155)	—	(155)	—	(155)
Total comprehensive income for the period		—	—	—	(158)	11,366	11,208	4	11,212
Share of other changes in net assets of investments accounted for using the equity method		—	—	—	(20)	—	(20)	—	(20)
Transactions with owners in their capacity as owners									
Share-based compensation		—	—	—	1,713	—	1,713	—	1,713
Exercise of share options and vesting of RSUs		—	13	—	—	—	13	—	13
Repurchase of shares (to be canceled)		—	—	(3,639)	—	—	(3,639)	—	(3,639)
Cancelation of shares		—	(3,727)	3,727	—	—	—	—	—
Total transactions with owners in their capacity as owners		—	(3,714)	88	1,713	—	(1,913)	—	(1,913)
Balance at September 30, 2024		—	269,745	—	34,718	(246,125)	58,338	15	58,353

The accompanying notes on pages 9 to 29 form an integral part of this interim financial information.

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Nine months ended September 30,	
	2025	2024
	RMB'Million	*RMB'Million*
Cash flows from operating activities		
Cash generated from operations	**20,486**	22,019
Income tax paid	**(1,036)**	(872)
Net cash generated from operating activities	**19,450**	21,147
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	**(12,383)**	(4,904)
Proceeds from disposal of property, equipment and intangible assets	**21**	14
Purchase of investments in financial assets at fair value through profit or loss	**(107,558)**	(72,364)
Proceeds from disposal of investments in financial assets at fair value through profit or loss	**92,067**	56,468
Proceeds from disposal of investments in other financial assets at amortized cost	**222**	669
Purchase of time deposits with initial terms over three months	**(6,606)**	(20,698)
Proceeds from maturity of time deposits with initial terms over three months	**9,897**	10,963
Interest income received	**678**	709
Repayment of loans by other parties	**—**	10
Loans to a related party	**(500)**	—
Net cash used in investing activities	**(24,162)**	(29,133)
Cash flows from financing activities		
Proceeds from borrowings	**3,363**	9,854
Repayments of borrowings and related interests	**(1,649)**	(931)
Payments for principal elements of lease and related interests	**(2,678)**	(2,187)
Proceeds from exercise of share options and vesting of RSUs	**906**	12
Proceeds received under notes payable transaction	**21,284**	11,202
Proceeds received from notes receivable factoring to banks	**25,264**	9,734
Payments for principal of matured notes and related interests	**(39,499)**	(16,446)
Payments for shares repurchase	**(2,040)**	(3,640)
Net cash generated from financing activities	**4,951**	7,598
Net increase/(decrease) in cash and cash equivalents	**239**	(388)
Cash and cash equivalents at the beginning of the period	**12,697**	12,905
Effects of exchange rate changes on cash and cash equivalents	**(17)**	(51)
Cash and cash equivalents at the end of the period	**12,919**	12,466

The accompanying notes on pages 9 to 29 form an integral part of this interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Kuaishou Technology (the "**Company**") was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B Shares have been listed on the Main Board of the Hong Kong Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**"), provide online marketing services, live streaming services and other services to its customers.

The condensed consolidated interim financial information comprises the condensed consolidated balance sheet as of September 30, 2025, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (the "**Interim Financial Information**").

The Interim Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

The Interim Financial Information has been reviewed by the external auditor of the Company.

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 financial statements of the Group for the year ended December 31, 2024 which have been prepared in accordance with all applicable International Financial Reporting Standards and interpretations issued by the IASB by the Group as set out in the 2024 annual report of the Company (the **"2024 Financial Statements")** and any public announcements made by the Group during the interim reporting period.

3 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 annual financial statements for the year ended December 31, 2024, as described in the 2024 Financial Statements, except for the adoption of the amendment as set out below.

- Lack of Exchangeability — Amendments to IAS 21

The adoption of the amendment does not have significant impact on the results and the financial position of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 critical accounting estimates and judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2024 Financial Statements, except for the amended accounting estimate of useful lives of property and equipment. Management reviewed and extended the useful lives of servers and equipment from 4 years to 5 years with effect from January 1, 2025. The change has been applied prospectively and has resulted in a decrease in depreciation of approximately RMB898 million for the nine months ended September 30, 2025.

5 FINANCIAL RISK MANAGEMENT

5.1 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 2024 Financial Statements and there have been no significant changes in the financial risk management policies for the three months and nine months ended September 30, 2025.

5.2 Fair value estimation

(a) Fair value hierarchy

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. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2025:

	Level 1 *RMB'Million*	**Level 2** *RMB'Million*	**Level 3** *RMB'Million*	**Total** *RMB'Million*
(Unaudited)				
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	**137**	**—**	**—**	**137**
— Investments in unlisted entities	**—**	**—**	**2,704**	**2,704**
— Derivative financial instruments	**—**	**295**	**—**	**295**
— Wealth management products and others	**—**	**118**	**65,297**	**65,415**
	137	**413**	**68,001**	**68,551**
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	**—**	**93**	**—**	**93**
	—	**93**	**—**	**93**

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2024:

	Level 1 *RMB'Million*	Level 2 *RMB'Million*	Level 3 *RMB'Million*	Total *RMB'Million*
(Audited)				
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	86	—	—	86
— Investments in unlisted entities	—	—	2,719	2,719
— Derivative financial instruments	—	293	—	293
— Wealth management products and others	—	236	48,146	48,382
	86	529	50,865	51,480
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	—	129	—	129
	—	129	—	129

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market 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 determine the fair value of an instrument are observable, the instrument is included in level 2.

Level 2 instruments of the Group's assets and liabilities mainly include foreign currency options, foreign currency forwards and perpetual bonds in wealth management products and others.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments of the Group's assets mainly include investments in unlisted entities (Note 14) and investments in wealth management products and others (excluding investments in perpetual bonds) (Note 14).

(b) Valuation techniques used to determine fair values

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;
- The fair values of foreign currency forwards are determined with reference to the discounted value of the differential between the contracted strike/forward rate to the market forward exchange rate with same maturity;
- The fair value of foreign currency options are determined by using option pricing model, such as Garman-Kohlhagen's Model, with reference to the spot rate and volatility of currency exchange rate, risk-free rates for both currencies, and contract strike rate for the options; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability (**"DLOM"**), market multiples, etc.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the nine months ended September 30, 2025 and 2024.

	Financial assets at fair value through profit or loss ***RMB'Million***
(Unaudited)	
At January 1, 2025	**50,865**
Additions	**107,493**
Disposals	**(91,949)**
Change in fair value*	**1,994**
Currency translation differences	**(402)**
At September 30, 2025	**68,001**
*Includes unrealized gains recognized in the condensed consolidated income statement attributable to balances held at the end of the period	**1,584**

	Financial assets at fair value through profit or loss *RMB'Million*
(Unaudited)	
At January 1, 2024	29,980
Additions	72,478
Disposals	(56,387)
Change in fair value*	1,191
Currency translation differences	(432)
At September 30, 2024	46,830
*Includes unrealized gains recognized in the condensed consolidated income statement attributable to balances held at the end of the period	769

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

As level 3 instruments are not traded in an active market, their fair values have been determined by using various application valuation techniques, including market approach, etc.

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation 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 following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Fair Values			**Range of inputs**		
Description	**As of September 30, 2025** ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)	**Significant unobservable inputs**	**As of September 30, 2025** **(Unaudited)**	As of December 31, 2024 (Audited)	**Relationship of unobservable inputs to fair values**
Investments in unlisted entities	**2,704**	2,719	Expected volatility	**41%-77%**	41%-77%	The higher the expected volatility, the lower the fair value
			DLOM	**6%-25%**	6%-14%	The higher the DLOM, the lower the fair value
			Risk-free rate	**1.22%-4.25%**	1.20%-4.25%	The higher the risk-free rate, the lower the fair value
Wealth management products and others	**65,297**	48,146	Expected rate of return	**2.95%-10.41%**	2.25%-8.68%	The higher the expected rate of return, the higher the fair value

Investments in wealth management products are mainly the investment products purchased from reputable financial institutions in the People's Republic of China ("**PRC**") and international financial institutions outside of the PRC with unguaranteed return rates. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. None of these investments are past due. The fair values are determined based on the expected rate of return (based on management judgment) and are within level 3 of the fair value hierarchy. From the perspective of cash management and risk control, the Group diversifies its investment portfolios and mainly purchases low-risk products from reputable financial institutions and prefers those products with high-liquidity.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the nine months ended September 30, 2025 and 2024.

The carrying amounts of the Group's financial assets that are not measured at fair value, including cash and cash equivalents, restricted cash, time deposits, trade receivables, other receivables, other current and non-current assets and other financial assets at amortized cost and the Group's financial liabilities that are not measured at fair value, including accounts payables, other payables and accruals, borrowings and lease liabilities, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

6 SEGMENT INFORMATION

6.1 Description of segments and principal activities

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 Group. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Domestic
- Overseas

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment results would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the three months and nine months ended September 30, 2025 and 2024.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM is measured as cost of revenues and operating expenses deducted from its revenues. Certain items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM. Share-based compensation expenses, other income and other gains, net are not allocated to individual operating segments.

There are no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or to evaluate the performance of the operating segments.

The segment results are as follows:

	Three months ended September 30, 2025			
	Domestic *RMB'Million* **(Unaudited)**	**Overseas** *RMB'Million* **(Unaudited)**	**Unallocated items** *RMB'Million* **(Unaudited)**	**Total** *RMB'Million* **(Unaudited)**
Revenues	**34,400**	**1,154**	**—**	**35,554**
Cost of revenues and operating expenses	**(29,009)**	**(1,218)**	**—**	**(30,227)**
Unallocated items	**—**	**—**	**(28)**	**(28)**
Operating profit/(loss)	**5,391**	**(64)**	**(28)**	**5,299**

	Three months ended September 30, 2024			
	Domestic *RMB'Million* (Unaudited)	Overseas *RMB'Million* (Unaudited)	Unallocated items *RMB'Million* (Unaudited)	Total *RMB'Million* (Unaudited)
Revenues	29,800	1,331	—	31,131
Cost of revenues and operating expenses	(26,295)	(1,484)	—	(27,779)
Unallocated items	—	—	(233)	(233)
Operating profit/(loss)	3,505	(153)	(233)	3,119

6 SEGMENT INFORMATION (CONTINUED)

6.1 Description of segments and principal activities (Continued)

	Nine months ended September 30, 2025			
	Domestic ***RMB'Million*** **(Unaudited)**	**Overseas** ***RMB'Million*** **(Unaudited)**	**Unallocated items** ***RMB'Million*** **(Unaudited)**	**Total** ***RMB'Million*** **(Unaudited)**
Revenues	**99,439**	**3,769**	**—**	**103,208**
Cost of revenues and operating expenses	**(84,302)**	**(3,786)**	**—**	**(88,088)**
Unallocated items	**—**	**—**	**(273)**	**(273)**
Operating profit/(loss)	**15,137**	**(17)**	**(273)**	**14,847**

	Nine months ended September 30, 2024			
	Domestic *RMB'Million* (Unaudited)	Overseas *RMB'Million* (Unaudited)	Unallocated items *RMB'Million* (Unaudited)	Total *RMB'Million* (Unaudited)
Revenues	88,113	3,401	—	91,514
Cost of revenues and operating expenses	(76,119)	(4,099)	—	(80,218)
Unallocated items	—	—	(277)	(277)
Operating profit/(loss)	11,994	(698)	(277)	11,019

6.2 Segment assets

As of September 30, 2025 and December 31, 2024, substantially all of the Group's non-current assets other than certain financial instruments and investments accounted for using the equity method were located in the PRC.

7 REVENUES

The breakdown of revenues is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
	RMB'Million	*RMB'Million*	***RMB'Million***	*RMB'Million*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Online marketing services	**20,102**	17,634	**57,844**	51,799
Live streaming	**9,574**	9,338	**29,432**	27,215
Other services	**5,878**	4,159	**15,932**	12,500
	35,554	31,131	**103,208**	91,514

The majority of revenues are recognized at a point in time. There was no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the three months and nine months ended September 30, 2025 and 2024.

8 OTHER GAINS, NET

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
	RMB'Million	*RMB'Million*	***RMB'Million***	*RMB'Million*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Net fair value gains on financial assets at fair value through profit or loss				
— Investments in listed and unlisted entities	**154**	20	**177**	68
— Wealth management products and others	**631**	496	**1,873**	1,158
Net gains on disposal of property and equipment, intangible assets and right-of-use assets	**5**	—	**25**	104
Net foreign exchange losses	**(113)**	(253)	**(233)**	(258)
Others	**(81)**	8	**(240)**	18
	596	271	**1,602**	1,090

9 EXPENSES BY NATURE

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
	RMB'Million	*RMB'Million*	***RMB'Million***	*RMB'Million*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue sharing costs and related taxes	**10,959**	8,873	**31,443**	25,943
Promotion and marketing expenses	**9,853**	9,777	**29,142**	27,981
Employee benefit expenses	**4,536**	4,386	**13,415**	12,449
Bandwidth expenses and server custody costs	**1,451**	1,465	**4,263**	4,234
Depreciation of property and equipment	**1,031**	997	**2,698**	2,971
Depreciation of right-of-use assets *(Note a)*	**802**	765	**2,401**	2,216
Amortization of intangible assets	**21**	25	**69**	78
Payment processing costs	**710**	669	**2,278**	1,973
Outsourcing and other labor costs	**400**	340	**1,105**	964
Tax surcharges	**272**	234	**781**	689
Professional fees	**63**	63	**189**	203
Credit loss allowances on financial assets	**(9)**	37	**108**	70
Others *(Note b)*	**789**	846	**2,167**	2,160
	30,878	28,477	**90,059**	81,931

Note a: The depreciation of right-of-use assets includes the expenses related to leases of internet data centers, office buildings and land with a term of over one year.

Note b: Others mainly comprise content-related costs, traveling and communication expenses and office facilities expenses.

10 INCOME TAX

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) British Virgin Islands ("BVI")

The Group's entities established under the BVI Business Companies Act (as amended) are not subject to tax on income or capital gains.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

(d) PRC Enterprise Income Tax

The income tax provision of the Group in respect of its operations in Chinese Mainland was subject to statutory tax rate of 25% on the assessable profits for the three months and nine months ended September 30, 2025 and 2024, based on the existing legislation, interpretation and practices in respect thereof.

Certain subsidiaries of the Group in Chinese Mainland were accredited as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the three months and nine months ended September 30, 2025 and 2024. In addition, certain subsidiaries of the Group were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of Chinese Mainland upon fulfillment of certain requirements of the respective local governments.

The State Taxation Administration of the PRC announced in March 2023 that enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**") from January 1, 2023 onwards. 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.

(e) Withholding tax in Chinese Mainland ("WHT")

According to applicable tax regulations prevailing in Chinese Mainland, distribution of profits earned by companies in Chinese Mainland since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country/jurisdiction of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group maintains a plan in the foreseeable future to require its subsidiaries in Chinese Mainland to distribute a certain proportion of their retained earnings and intends to retain rest of them to operate and expand its business in Chinese Mainland. The amount of deferred income tax liabilities related to WHT on proposed distributable retained earnings of these subsidiaries was immaterial as of September 30, 2025.

The Group did not have distributable retained earnings in Chinese Mainland as of December 31, 2024, so no deferred tax liability related to WHT on undistributed earnings was accrued.

10 INCOME TAX (CONTINUED)

The income tax (expenses)/benefits of the Group are analyzed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
	RMB'Million	*RMB'Million*	***RMB'Million***	*RMB'Million*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current income tax	**(335)**	(291)	**(770)**	3
Deferred income tax	**(438)**	411	**(562)**	159
Income tax (expenses)/benefits	**(773)**	120	**(1,332)**	162

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development (**"OECD"**) Pillar Two model rules. The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax.

Pillar Two legislation was effective in certain jurisdictions in which the Group operates (e.g. Hong Kong and Singapore) from January 1, 2025. Under the legislation, it exposes a top-up tax on profits arising in a jurisdiction whenever its effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%. Management has assessed the related impact which is not material.

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings attributable to equity holders of the Company *(RMB millions)*	**4,488**	3,268	**13,388**	11,366
Weighted average number of ordinary shares in issue *(million shares)*	**4,286**	4,301	**4,273**	4,313
Basic earnings per share *(expressed in RMB per share)*	**1.05**	0.76	**3.13**	2.64

11 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

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. During the three months and nine months ended September 30, 2025 and 2024, the Company had two categories of potential ordinary shares: share options and RSUs.

	Three months ended September 30,		Nine months ended September 30,	
	2025 (Unaudited)	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)
Earnings attributable to equity holders of the Company *(RMB millions)*	**4,488**	3,268	**13,388**	11,366
Weighted average number of ordinary shares in issue *(million shares)*	**4,286**	4,301	**4,273**	4,313
Adjustments for share options and RSUs *(million shares)*	**119**	83	**116**	98
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share *(million shares)*	**4,405**	4,384	**4,389**	4,411
Diluted earnings per share *(expressed in RMB per share)*	**1.02**	0.75	**3.05**	2.58

12 PROPERTY AND EQUIPMENT

The detailed information of property and equipment is as follows:

	Property and equipment ***RMB'Million*** **(Unaudited)**
At January 1, 2025	**14,831**
Additions	**9,457**
Disposals	**(47)**
Depreciation charge	**(2,698)**
Currency translation differences	**(5)**
At September 30, 2025	**21,538**
At January 1, 2024	12,356
Additions	4,019
Disposals	(35)
Depreciation charge	(2,971)
Currency translation differences	(3)
At September 30, 2024	13,366

13 LEASE

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Right-of-use assets		
Internet data centers	**6,899**	7,131
Office buildings	**1,562**	1,733
Land use rights	**26**	27
	8,487	8,891

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Lease liabilities		
Current	**4,028**	3,671
Non-current	**6,049**	6,765
	10,077	10,436

14 INVESTMENTS

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Non-current assets		
Financial assets at fair value through profit or loss		
— Investments in unlisted entities	**2,704**	2,719
— Investment in a listed entity	**126**	80
— Wealth management products and others	**26,329**	21,338
— Derivative financial instruments	**294**	293
	29,453	24,430
Other financial assets at amortized cost	**36**	62
	29,489	24,492
Current assets		
Financial assets at fair value through profit or loss		
— Investment in a listed entity	**11**	6
— Wealth management products and others	**39,086**	27,044
— Derivative financial instruments	**1**	—
	39,098	27,050
Other financial assets at amortized cost	**41**	233
	39,139	27,283
Total	**68,628**	51,775

Movements on financial assets at fair value through profit or loss are as follows:

	Nine months ended September 30,	
	2025 ***RMB'Million*** **(Unaudited)**	2024 *RMB'Million* (Unaudited)
At the beginning of the period	**51,480**	30,373
Additions	**107,493**	72,738
Disposals	**(92,070)**	(56,468)
Change in fair value	**2,056**	1,356
Currency translation differences	**(408)**	(442)
At the end of the period	**68,551**	47,557

15 TRADE RECEIVABLES

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Trade receivables from contracts with customers	**7,024**	6,827
Less: credit loss allowances	**(174)**	(153)
	6,850	6,674

The Group generally grants a credit period within 90 days to its customers. The aging analysis of trade receivables based on invoice date is as follows:

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Up to 3 months	**5,939**	6,021
Over 3 months	**1,085**	806
	7,024	6,827

Movements on the Group's allowances for credit loss of trade receivables are as follows:

	Nine months ended September 30,	
	2025 ***RMB'Million*** **(Unaudited)**	2024 *RMB'Million* (Unaudited)
At the beginning of the period	**(153)**	(138)
Additional provision	**(26)**	(41)
Write-offs	**5**	—
At the end of the period	**(174)**	(179)

16 DIVIDENDS

On August 21, 2025, the board of directors of the Company approved and declared a special dividend of HK$0.46 per ordinary share. The aggregate amount of the special dividend was HK$2.0 billion, which was paid in October 2025.

Except as disclosed above, no other dividends have been paid or declared by the Company during the nine months ended September 30, 2025 and 2024.

17 BORROWINGS

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Unsecured bank loans		
— RMB loans, included in non-current liabilities *(Note a)*	**11,098**	11,100
— USD loans, included in current liabilities	**1,990**	—
	13,088	11,100

As of September 30, 2025 and December 31, 2024, the Group's borrowings were carried at floating rates.

Note a : The annual average interest rates of these borrowings were 3.06% and 3.38% for the periods ended September 30, 2025 and December 31, 2024, respectively.

18 ACCOUNTS PAYABLES

The aging analysis of accounts payables based on invoice date is as follows:

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Up to 3 months	**17,970**	18,266
3 to 6 months	**3,827**	3,133
6 months to 1 year	**4,471**	4,626
Over 1 year	**1,075**	1,445
	27,343	27,470

19 OTHER PAYABLES AND ACCRUALS

The breakdown of other payables and accruals is as follows:

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Notes payable	**15,239**	7,997
Refundable deposits from customers	**8,260**	7,701
Employee benefit payables	**4,241**	4,812
Other taxes payable	**903**	778
Others	**2,053**	1,825
	30,696	23,113

Notes payable arrangements

The Group has entered into arrangements with its suppliers and certain banks since 2022, under which the payable to suppliers is settled through notes, whose payment is guaranteed by the banks. When the suppliers further discount the notes from the contracted banks, they get cash from the banks on behalf of the Group on an agreed date, with discount interest borne and paid by the Group. The Group undertakes the obligation to make payment to the contracted banks, thus derecognizes the payable presented under "accounts payables" that owes its suppliers and recognizes a payable that owes the contracted banks, which is presented as notes payable under "other payables and accruals" upon the settlement with the suppliers. The Group repays the banks the principal on the maturity date of the notes.

19 OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes payable arrangements (Continued)

The range of payment due dates is as follows:

	Nine months ended September 30, 2025
Notes payable	**97–365 days after invoice date**
Comparable accounts payables that are not part of the arrangements (same line of business)	**0–90 days after invoice date**

The carrying amount of liabilities under the arrangements was RMB15,239 million and RMB8,015 million as of Septermber 30, 2025 and December 31, 2024, respectively. The carrying amount of liabilities under the arrangements of which the supplier has received payment from banks was RMB15,239 million and RMB7,997 million as of September 30, 2025 and December 31, 2024, respectively.

Based on the terms and conditions of the arrangements, the Group considers the cash flows in substance occur for the Group in the transactions where it directs the contracted banks to pay the suppliers on the Group's behalf. Therefore, when the banks pay the payable the Group owes its suppliers on its behalf, the Group presents a financing cash inflow and an operating, investing or financing cash outflow related to the affected payable the Group owes its suppliers. When the Group subsequently pays to the banks when the notes mature, the Group presents the cash flow as a financing cash outflow.

20 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Property and equipment	**2,976**	1,835
Investments	**179**	192
	3,155	2,027

21 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 subjected to common control. Members of the Group's key management and their close family members are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the 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) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the nine months ended September 30, 2025 and 2024, and/or balances with the Group as of September 30, 2025 and December 31,2024, respectively.

Company	**Relationship**
Tencent Holdings Limited and its subsidiaries ("**Tencent Group**")	One of the Company's shareholders
Zhihu Inc. and its subsidiaries	Investee of the Group
SHAREit Technology Holdings Inc. and its subsidiaries	Investee of the Group
YixinYouxuan Information Technology (Shandong) Group Co., Ltd. and its subsidiaries	Investee of the Group
Chengdu Qingsong Digital Information Technology Co., Ltd and its subsidiaries ("**Chengdu Qingsong**")	Entities controlled by senior management of the Group

(b) Significant transactions with related parties

	Nine months ended September 30,	
	2025	2024
	RMB'Million	*RMB'Million*
	(Unaudited)	(Unaudited)
(i) Provision of services		
Tencent Group	**322**	266
Others	**24**	122
	346	388

	Nine months ended September 30,	
	2025	2024
	RMB'Million	*RMB'Million*
	(Unaudited)	(Unaudited)
(ii) Purchases of services		
Tencent Group	**2,921**	2,908
Others	**33**	—
	2,954	2,908

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
(i) Prepayments and other receivables		
Tencent Group	**536**	526
Chengdu Qingsong	**252**	252
	788	778

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
(ii) Trade receivables		
Tencent Group	**222**	197

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
(iii) Accounts payables		
Tencent Group	**200**	282
Others	**52**	62
	252	344

All the balances with related parties above were business operation related and were considered as trade in nature as of September 30, 2025 and December 31, 2024. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Loans to related parties

	As of September 30, 2025 ***RMB'Million*** **(Unaudited)**	As of December 31, 2024 *RMB'Million* (Audited)
Loan and interest receivables		
Chengdu Qingsong	**502**	—

The loan was repayable within three years, with floating interest rate at 2.5% in 2025, and was provided credit guarantees by shareholders of Chengdu Qingsong and its wholly owned subsidiary.

22 CONTINGENCIES

As of September 30, 2025, the Group did not have any material contingent liabilities.

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