This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Xiaomi is an internet company with smartphones and smart hardware connected by an IoT platform at its core.

Our Mission

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

Under the leadership of Lei Jun, Xiaomi was founded in 2010 by a group of accomplished engineers and designers, who believed that high-quality and well-designed technology products and services should be accessible to the world. To achieve this, we are unwavering in our pursuit of advances in innovation, quality, design, user experience and efficiency in an effort to provide the best technology products and services that are accessibly priced to our users.

Our Pledge: In order to achieve our mission, we pledge to our existing and potential users that starting in 2018, Xiaomi's hardware business (including smartphone, IoT and lifestyle products) will have an overall net profit margin that will not exceed 5% per year. If the net margin exceeds 5%, we will return the excess above 5% to our users.

Our Vision

Be friends with our users. Be the coolest company in the hearts of our users.

Our Core Values

Our core values are sincerity and passion.

Our values enable us to pursue and uphold our mission and vision. Our passion for our business drives us to pursue artisanal craftsmanship in all our products. We aspire for perfection in every detail, even if others may not notice immediately. Our sincerity drives us to place our users at the heart of everything we do and listen attentively to their every request. It motivates us to pursue efficiency in our business model in order to continuously provide our users with unparalleled value.

Our Mi Fans

We have a large and highly engaged global user base with approximately 190 million monthly active MIUI users as of March 2018. We believe that our user base is differentiated by our "Mi Fans," a large global community of passionate users who are intensely loyal to the Xiaomi brand, are highly engaged on our platform and actively contribute feedback and feature ideas to our product development. As of March 31, 2018, over 1.4 million users had more than five connected Xiaomi products (excluding smartphones and laptops). In addition, our users are very vocal on our MIUI forum, which has over nine million MAUs in March 2018. As of March 31, 2018, our users had collectively generated approximately 250 million posts on our MIUI forum since we launched it in August 2010.

Our Milestones

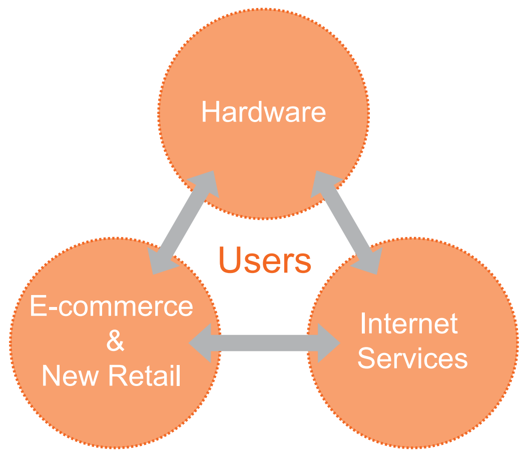
Our unique mission, vision and core values have made the following significant achievements possible since our inception in 2010:

- 2012: Annual sales exceeded US$1 billion (two years after inception)
- 2014: Number one smartphone company in mainland China by unit shipments, according to IDC (three years after launching our first smartphone)
- 2014: Annual sales exceeded US$10 billion, four years after inception, which is the fastest in history, according to iResearch
- 2015: MIUI MAUs exceeded 100 million
- 2017: The world's largest consumer IoT platform in terms of the number of connected devices (excluding smartphones and laptops), according to iResearch
- 2017: Number one smartphone company in India by unit shipments in the fourth quarter of 2017, according to IDC (three and a half years after officially entering the India market)
- 2017: Fastest growing internet company and second fastest growing company globally, as measured by organic revenue growth compared to publicly-listed profitable companies with revenue of over RMB100 billion in 2017, according to iResearch

Our Business Model

Our Company is built on innovation and efficiency. As a company founded by engineers and designers, we embrace a culture of bold innovation to push the boundaries of what technology can offer. A spirit of innovation permeates our Company and guides everything we do. In addition, we are relentless in our pursuit of efficiency. We strive to achieve cost savings to deliver value back to our users.

Our unique and powerful "triathlon" business model comprises three synergistic pillars of growth—(i) innovative, high quality and well-designed hardware focused on exceptional user experience, (ii) highly efficient new retail allowing for our products to be priced accessibly and (iii) engaging internet services.



We are primarily an internet company. By first selling a wide variety of smart hardware products powered by our proprietary MIUI operating system to users through our new retail channels, we have built a massive and proprietary platform for the delivery of our diverse internet services to such users. In the course of delivery of internet services, we have also accumulated valuable information of users that enables us to better understand our users' needs and further improve our products and services with the help of our cloud computing and AI capabilities. Compared to other internet platforms that acquire new users at relatively high costs, we leverage the sale of our smart hardware products to organically acquire internet service users at a modest profit. We have a large, engaged and sticky user base as our MIUI MAU consistently increased during the Track Record Period, even between 2015 and 2016, when we experienced a decline in smartphone sales. Within our user base, we have a highly dedicated and intensely loyal group of users who have nicknamed themselves Mi Fans. These fans are very passionate about Xiaomi and own many of our products. We benefit from the constructive product feedback and feature ideas from Mi Fans. This in turn helps us constantly improve our products and services, including products and services designed, developed or offered in collaboration with our hardware and internet partners. We believe we are uniquely positioned among our industry peers in terms of our business model and having a large base of passionate users.

Hardware

We offer a broad range of hardware products developed in-house or in collaboration with our ecosystem partners. Innovation, quality, design and user experience are ingrained in all of our products regardless of whether they are developed in-house or in collaboration with our partners. We strive to offer our products at price points that are accessible to the widest user base to enjoy broad adoption and high retention. For our core in-house products, we focus on designing and developing a range of cutting-edge hardware products including smartphones, laptops, smart TVs, AI speakers and smart routers. During the Track Record Period, we derived a majority of our revenue from smartphone sales. Over 75% of the smartphones sold (in terms of units) during the Track Record Period were smartphones with prices of RMB1,299 and below. We experienced weakened smartphone sales in 2016 for two primary reasons: (i) we invested in building our highly efficient offline retail channels in

2016 in order to better capture offline opportunities and to complement our existing strong foundation in e-commerce; and (ii) we experienced a rapid revenue growth from nil since we began operations in 2010 to RMB66.8 billion in 2015. During the course of 2016, we focused on strengthening our innovation, quality and supply management to lay a more solid foundation for the scale and growth we were operating at. As a result, we resumed rapid growth in 2017 after our recalibration.

We curate a wide range of additional products by investing in and managing an ecosystem of over 210 companies, among which more than 90 companies were focused on the development of smart hardware and lifestyle products as of March 31, 2018. We had over 100 million connected devices, excluding smartphones and laptops, as of March 31, 2018. This active and integrated suite of connected technology products enhances the lives of our users and constitutes a proprietary delivery platform for our internet services. We also curate a range of lifestyle products to further drive brand awareness and traffic to our sales points.

New Retail

Our highly efficient omni-channel new retail distribution platform is a core component of our growth strategy, allowing us to operate efficiently while simultaneously extending our user reach and enhancing our users' experience. Since our inception, we have focused on direct online sales of our products to maximize efficiency and build a direct digital relationship with users. We were number one in terms of smartphone unit shipments online in both mainland China and India in the first quarter of 2018, according to IDC. Since 2015, we have significantly expanded our direct offline retail network, for example, through our self-operated Mi Home stores. Our direct offline retail capability allows us to broaden our reach and provide a richer user experience, while maintaining similar efficiency and the same product prices as our online channels. Our efficient omni-channel sales strategy enables us to provide our products at accessible price points to the largest user base.

Internet Services

We provide internet services to give our users a complete mobile internet experience. In March 2018, we had approximately 190 million MAUs on MIUI, our proprietary operating system built on the Android kernel. MIUI fully embraces the Android ecosystem, including all mobile apps. It functions as an open platform for us to deliver our wide range of internet services, such as content, entertainment, financial services and productivity tools. The connectivity between our devices and the seamless integration between hardware and internet services enable us to provide our users with better user experience. Furthermore, we have a proven track record of developing killer apps. In March 2018, we had 38 apps with more than 10 million MAUs and 18 apps with more than 50 million MAUs, including our Mi App Store, Mi Browser, Mi Music and Mi Video apps. Our users spent an average of approximately 4.5 hours per day on our smartphones in March 2018. Compared to other internet platforms that acquire new users at high costs, we leverage the sale of our hardware to acquire users at a profit.

Network Effects

Our unique and powerful triathlon business model comprises three synergistic pillars that are closely connected. We strive to offer killer products that are high quality, high performance, well designed and honestly priced. These products in turn bring additional traffic to our retail channels. We deliver our products to users at accessible prices through our highly efficient new retail channels such as our e-commerce platforms and our Mi Home stores. With our internet services, we closely engage and interact with users on our platform, thus increasing user stickiness and monetization opportunities.

Cloud, Big Data and Artificial Intelligence (AI)

We believe that the sheer amount of unique consumer and behavioral data created by our platform gives us a massive advantage in the field of big data and AI. As a result, we can leverage our understanding of each user's personalized needs and habits to provide customized recommendations and further improve our monetization ability. Our unified Xiaomi account service, launched in 2012, allows our users to get access to cloud services, shop online, enjoy content and many other services we provide. With prior user consent, we have accumulated more than 230PB of proprietary data on our cloud services as of March 31, 2018. Such data is stored in compliance with strict data privacy standards and data security requirements we have in place. See section headed "—Data Privacy and Protection." Since 2016, the privacy practice of our MIUI and Mi Store has been certified by TrustArc, a privacy compliance and risk management company that conducts comprehensive assessments of privacy policy and control measures. Our proprietary deep learning and AI capabilities together with the active user engagement on our platform, empower us to continuously improve our products and services. For example, our facial recognition technology, the core of our computer vision technology, forms a positive feedback loop with our users' activities such that an increasing amount of user data further improves the precision and efficiency of our algorithm. The entire process is based solely on collected user behavioral statistics and does not involve users' data privacy. Going forward, we will continue to launch new and smarter AI-enabled technology products and services such as our Mi AI speaker, which was launched in July 2017.

With prior user consent and depending on the types of services that users engage with, we may collect the following categories of personal and behavioral data: (i) contact information; (ii) device information; (iii) software and apps usage information; (iv) materials uploaded to Mi Cloud; (v) social activities; (vi) transaction activities; (vii) location information; and (viii) internet browsing activities. We only process behavioral statistics as part of our effort to develop more advanced AI technology for our products and services. The user data collected is under our control, and we may analyze and utilize such data for permitted applications under relevant laws and regulations, as well as in accordance with user consent. All user and behavioral data is only stored for a fixed period of time in accordance with local laws and regulations, and only until the business purposes for collecting and processing such data have been fulfilled, whichever is earlier. We pursue employees and business partners who violate our data privacy and protection policy through all legal means at our disposal. We have a comprehensive suite of technology-based measures for preventing improper use and disclosure of data.

Our Business Segment Revenues

	For the year ended December 31,						For the three months ended March 31,			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(unaudited)			
Smartphones	53,715,410	80.4	48,764,139	71.3	80,563,594	70.3	12,193,852	65.8	23,239,490	67.5
IoT and lifestyle products	8,690,563	13.0	12,415,438	18.1	23,447,823	20.5	4,160,665	22.5	7,696,566	22.4
Internet services	3,239,454	4.9	6,537,769	9.6	9,896,389	8.6	2,029,637	10.9	3,231,350	9.4
Others	1,165,831	1.7	716,815	1.0	716,936	0.6	147,639	0.8	244,956	0.7
Total	66,811,258	100.0	68,434,161	100.0	114,624,742	100.0	18,531,793	100.0	34,412,362	100.0

Our Customers and Suppliers

Our customers primarily include (i) end users who purchase our products, (ii) our online and offline distributors to whom we sell our products, (iii) advertising customers of our advertising services and (iv) users of internet value-added services. Providing great customer service is a high priority for us. Our commitment to users is reflected in the high levels of service provided by our customer service staff as well as in our product return and exchange policies.

We procure raw materials and components from top-tier suppliers for production of our in-house products based upon a forecasted production plan. During the Track Record Period, the assembly of a substantial majority of our in-house products are carried out by our outsourcing partners in mainland China using components and raw materials primarily sourced and procured by us. We closely collaborate with our ecosystem partners to jointly design and develop hardware products, and our ecosystem partners supply finished products to us for sale and distribution to our customers. We also obtain digital content for our internet services from a variety of internet services partners.

Our Cost Structure

Our costs and expenses are primarily associated with procurement cost of raw materials and components for our in-house products, assembly cost charged by our outsourcing partners for our in-house products, costs related to our internet services such as content fees and bandwidth, server custody and cloud service related costs, as well as our selling and marketing expenses and our research and development expenses, which includes employee benefit expenses.

Our Global Opportunities

Since our inception in 2010, we have continually grown our user base in mainland China through our pioneering business model. We have also successfully tailored our strategy internationally to new markets and are present in 74 countries and regions as of March 31, 2018. We have successfully achieved a foothold in key international markets. For example, we ranked number one in India in terms of smartphone unit shipments in the first quarter of 2018. We were also the top five in 15 markets in the fourth quarter of 2017, according to IDC.

As we expand our business globally, we have been able to achieve increasing profitability as we grow our revenue. During our Track Record Period, our revenue grew from RMB66.8 billion in 2015 to RMB114.6 billion in 2017, and grew from RMB18.5 billion in the three months ended March 31, 2017 to RMB34.4 billion in the three months ended March 31, 2018. We had an adjusted non-IFRS profit of RMB5.4 billion in 2017, compared to an adjusted non-IFRS loss of RMB0.3 billion in 2015. Our adjusted non-IFRS profit increased from RMB0.7 billion in the three months ended March 31, 2017 to RMB1.7 billion in the three months ended March 31, 2018.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

We operate in the global smartphone, consumer internet of things, internet services and new retail industries, which are highly competitive and are characterized by significant barriers to entry.

There is a large and growing base of smartphone users globally. According to IDC, the total number of smartphone devices grew from 2,871.0 million in 2015 to 3,665.7 million in 2017, representing a CAGR of 13.0%. This is expected to reach 4,798.5 million by 2022, representing a

CAGR of 5.5% between 2017 and 2022. Smartphone adoption is expected to increase globally, with the growth being driven by emerging markets. Shipment volume and smartphone adoption will be driven by devices that combine accessible price points with high performance and great user experience. Furthermore, there are significant barriers to entry into the smartphone market given the high upfront costs associated with research and development and the prototyping requirements to manufacture competitive devices. Given the current entrenched position of leading smartphone companies and their well-established brand recognition in the market, stabilized supply chain and established distribution channels, it is highly unlikely that new entrants will be able to compete and gain significant market share. Market entrants need to achieve significant scale in order to realize operating leverage and develop sustainable business models.

The global consumer IoT market is expected to continue to grow exponentially as a result of the advancement in sensor and device processor technology, allowing for internet connectivity to become a more standard feature across a range of consumer products. According to iResearch, the number of consumer IoT endpoints grew from 3.0 billion in 2015 to 4.9 billion in 2017, representing a CAGR of 27.7%. This is expected to reach 15.3 billion by 2022, representing a CAGR of 25.4% between 2017 and 2022. The large and rapidly growing base of IoT devices enables the collection of a vast amount of real-time data, which in turn furthers the development of various consumer applications. A successful consumer IoT strategy requires a company to offer not only high quality and well-designed products, but also a wide range of products that can be seamlessly connected by a single app, such as Mi Home app, in order to meet users' daily needs.

The internet is an indispensable tool for individuals to engage with the world. According to iResearch, the global internet services market grew from US$1,010.6 billion in 2015 to US$1,540.9 billion in 2017, representing a CAGR of 23.5%. This is expected to reach US$2,600.9 billion by 2022, representing a CAGR of 11.0%, which is driven by increasing mobile internet penetration, as smartphones become the primary medium through which consumers access the internet. The internet services market is highly competitive and occupied by a large amount of players offering competing services. Companies that have the ability to acquire and retain users through the sale of hardware devices increase their competitiveness in terms of lower customer acquisition cost, deeper engagement with users and enhanced data collection.

New retail can be understood as the seamless integration of online and offline retail channels through technology to drive efficiency. The integration of online and offline retail channels is highly synergistic and drives customer traffic, which improves overall sales efficiency. New retail also enhances cost efficiency through direct-to-consumer distribution via self-owned online and offline channels to reduce the need for additional distribution layers.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- Our founders;
- Passionate users;
- Triathlon business model;
- Innovation and design;

- Efficiency;
- Ecosystem;
- Cloud, big data and AI capabilities; and
- Global.

OUR STRATEGIES

To achieve our mission and further solidify our leadership, we intend to pursue the following strategies:

- Unwavering focus on innovation, quality, design and user experience;
- Maintain relentless efficiency;
- Expand killer product offerings;
- Enrich internet services;
- Invest in and expand our ecosystem; and
- Broaden international expansion.

WEIGHTED VOTING RIGHTS STRUCTURE AND WVR BENEFICIARIES

The Company will have a weighted voting rights structure, effective immediately upon the completion of the Global Offering. Under this structure, the Company's share capital will comprise Class A Shares and Class B Shares. Each Class A Share will entitle the holder thereof to exercise 10 votes, and each Class B Share will entitle the holder thereof to exercise one vote, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote.

Immediately upon the completion of the Global Offering, and assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO ESOP are not exercised, the WVR Beneficiaries will be Lei Jun and Lin Bin. The WVR Beneficiaries will be entitled to exercise the following voting rights of the Company with respect to resolutions tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters:

(a) Lei Jun will be entitled to exercise 55.20% voting rights through (i) 4,295,187,720 Class A Shares beneficially owned by him, (ii) 2,283,106,380 Class B Shares beneficially owned by him and (iii) 378,410,630 Class B Shares pursuant to the Voting Proxy Agreements; and

(b) Lin Bin will be entitled to exercise 29.52% voting rights through (i) 2,400,000,000 Class A Shares beneficially owned by him and (ii) 391,233,610 Class B Shares beneficially owned by him.

For further details, please see the section headed "Share Capital—Weighted Voting Rights Structure." On June 20, 2018, each of Lei Jun and Lin Bin made a legally enforceable undertaking to the Company pursuant to Rule 8A.43 of the Listing Rules, which is intended to be for the benefit of and enforceable by the Shareholders. For further details, please see section headed "Share Capital—Undertakings by the WVR Beneficiaries".

The Company's WVR structure will enable the WVR Beneficiaries to exercise voting control over the Company notwithstanding the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control the Company with a view to its long-term prospects and strategy.

Lei Jun and Lin Bin were two of the first three directors on the Board in May 2010. Lei Jun and Lin Bin are, and continue to be, the only executive Directors. In the early stages of the Group's development, Lei Jun and Lin Bin were both involved in the Group's finance and business strategy, and research and development.

Since the inception of the Company, Lei Jun has been responsible for the strategic direction of the Company, and is responsible for the Company's corporate strategy, company culture and key products and services. Lei Jun is the driving force behind the Company's business strategy and corporate philosophy, chief among which include improving efficiency, cost reduction without sacrificing user experience and creating quality products and selling them at accessible prices. Lei Jun focused the Company on innovation, quality, and supply management. As a result, the quality and sales volume of the Company's smartphones rose sharply, resulting in the revenue increase in 2017. He is a strong proponent of strengthening the Company's branding and corporate image by cultivating the Mi Fan base and through community engagement initiatives such as Mi Forum and Mi Community. Lei Jun also introduced strategic and sophisticated pre-IPO Investors, who significantly contributed to our growth. Lei Jun is highly involved in the Group's investment strategy, allowing the Group to forge close partnerships with investee companies to create synergies across the ecosystem, as well as providing stable and recurring investment income.

Lin Bin is responsible for the Company's smartphone business and has been the President of the Company since its inception. Lin Bin has a background in science and engineering, as well as prior experience in senior management roles in multinational technology corporations such as Microsoft and Google. Given Lin Bin's particular skill and knowledge, he has been instrumental to the growth and success of our smartphone business. During the early phases of the Group's development, Lin Bin was primarily responsible for personnel recruitment and the daily operations of the Company. As the Company's smartphone business grew, his role expanded to managing the strategic cooperation with suppliers and overseas sales. By October 2014, Lin Bin was concurrently appointed the general manager of the Group's online operations, including Mi Store, and oversaw the Company's sales, marketing, logistics, customer service and after-sales services operations. Under Lin Bin's leadership, the Company implemented its new retail strategy, integrating online sales channels with our offline stores such as Mi Homes.

Prospective investors are advised to be aware of the potential risks of investing in companies with WVR structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, please refer to section headed "Risk Factors—Risks Relating to the WVR Structure—The concentration of our Share ownership limits our shareholders' ability to influence corporate matters" and "Risk Factors—Risks Relating to the WVR Structure—Holders of our Class A Shares may exert substantial influence over us and may not act in the best interests of our independent shareholders."

RISK FACTORS

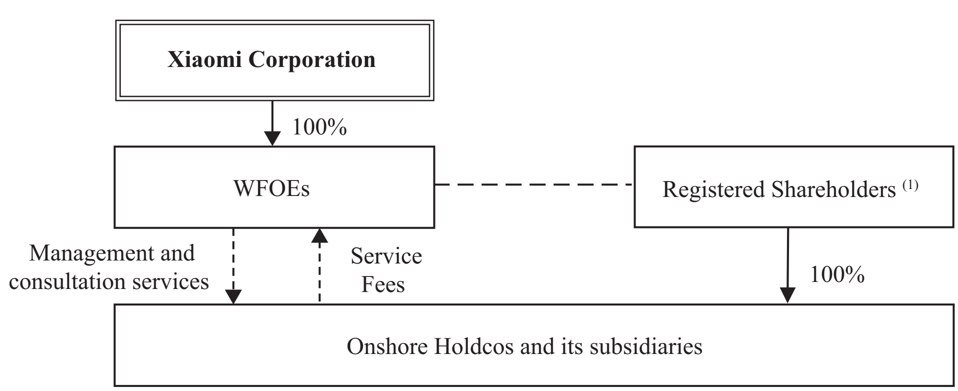
Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face are relating to:

- our ability to compete effectively in the global markets for our products and services, which are highly competitive and subject to rapid technological changes;
- our ability to effectively manage our growth or execute our strategies;
- our ability to maintain the trusted brand image of our products and services;
- our ability to successfully manage frequent product introductions and transitions;
- our ability to grow and retain our user base, as well as user engagement;
- the fact that we have incurred losses and had a net liability position in the past and we may continue to incur losses and may not be able to declare or pay dividends in the future;
- our ability to continue our growth trend;
- our limited operating history, which makes it difficult to evaluate our future prospects;
- the significant contribution of smartphones to our revenue; and
- our ability to retain existing or attract new advertising customers, to maintain and increase our wallet share of advertising budget and to collect accounts receivable in a timely manner.

CONTRACTUAL ARRANGEMENTS

Our Company operates or may operate in certain industries that are subject to restrictions under the current laws and regulations of mainland China. In order to comply with such laws, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on December 1, 2017, April 11, 2018 and April 17, 2018. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. For further details, please see section headed "Contractual Arrangements."

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

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

(i) Beijing Wali Culture is owned by Lei Jun (雷軍) as to 90% and Shang Jin (尚進) as to 10%.

(ii) Rigo Design is owned by Zhu Yin (朱印) as to 61% and Li Jiong (李炯) as to 39%.

(iii) Xiaomi Inc. is owned by Lei Jun as to 77.80%, Li Wanqiang (黎萬強) as to 10.12%, Hong Feng (洪鋒) as to 10.07% and Liu De (劉德) as to 2.01%.

(iv) Beijing Duokan is owned by Lei Jun as to 38.25% and Wang Chuan (王川) as to 61.75%.

(v) Beijing Wali Internet is owned by Lei Jun as to 10%, Liu Yang (劉泱) as to 65%, Liang Qiushi (梁秋實) as to 14%, Liu Jingyan (劉景岩) as to 6%, Yuan Bin (袁彬) as to 3% and Nan Nan (南楠) as to 2%.

(vi) Xiaomi Pictures is owned by Li Wanqiang as to 87.92%, Hong Feng as to 10.07% and Liu De as to 2.01%.

(vii) Beijing Electronic Software is owned by Lei Jun as to 90% and Hong Feng as to 10%.

(viii) Youpin Information Technology is owned by Lei Jun as to 70%, Hong Feng (洪鋒) as to 10%, Liu De (劉德) as to 10% and Li Wanqiang (黎萬強) as to 10%.

(2) "—>" denotes direct legal and beneficial ownership in the equity interest.

(3) "--->" denotes contractual relationship.

(4) "----"denotes the control by WFOEs over the Registered Shareholders and the Onshore Holdcos through (1) powers of attorney to exercise all shareholders' rights in the Onshore Holdcos, (2) exclusive options to acquire all or part of the equity interests in the Onshore Holdcos and (3) equity pledges over the equity interests in the Onshore Holdcos.

MOFCOM published Draft FIL in January 2015, which stipulates restriction of foreign investment in certain industry sectors on the "catalog of special administrative measures," but did not specify the businesses to be included therein. The Draft FIL also provides that entities established in mainland China but "controlled" by foreign investors will be treated as foreign invested entities, whereas an entity organized in a foreign jurisdiction, but cleared by the authority in charge of foreign investment as "controlled" by mainland China entities and/or citizens, would be treated as a mainland China domestic entity for investment purposes. As of the Latest Practicable Date, the Draft FIL was a draft only and there is no certainty whether, or timeline when, the Draft FIL will be promulgated and come into effect, and if so, whether it is to be promulgated in the current draft form after it undergoes through further enactment process. Please refer to the sections headed "Risk Factors—Risks Relating to Our Contractual Arrangements" and "Contractual Arrangements—Development in Mainland China Legislation on Foreign Investment" for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering, Lei Jun, our executive Director, Founder, Chairman and Chief Executive Officer, will be interested in and will control, through various intermediary entities, 4,295,187,720 Class A Shares and 2,283,106,380 Class B Shares (assuming all Preferred Shares are converted into Class B Shares upon Listing). Assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO ESOP are not exercised, Lei Jun's aggregated shareholding will be approximately 29.40% of our issued share capital and he will hold approximately 54.74% of the voting rights in the Company capable of being exercised on resolutions in general meetings (except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote). Therefore, Lei Jun will be a Controlling Shareholder after the Listing. Lei Jun holds his interests in the Company through two wholly-owned intermediary entities being Smart Mobile Holdings Limited and Smart Player Limited. Pursuant to the Voting Proxy Agreements, certain minority shareholders have also granted Lei Jun a voting proxy over Class B Shares representing 1.69% of the issued share capital or 0.46% of the voting rights of the Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO ESOP are not exercised) in relation to resolutions other than the Reserved Matters.

For further details about our Controlling Shareholders, please refer to the section headed "Relationship with the Controlling Shareholders."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

CONSOLIDATED INCOME STATEMENTS

	For the year ended December 31,						For the three months ended March 31,			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
							(unaudited)			
Revenue	66,811,258	100.0	68,434,161	100.0	114,624,742	100.0	18,531,793	100.0	34,412,362	100.0
Cost of sales	(64,111,325)	(96.0)	(61,184,806)	(89.4)	(99,470,537)	(86.8)	(16,067,675)	(86.7)	(30,110,935)	(87.5)
Gross profit	2,699,933	4.0	7,249,355	10.6	15,154,205	13.2	2,464,118	13.3	4,301,427	12.5
Selling and marketing expenses	(1,912,765)	(2.9)	(3,022,313)	(4.4)	(5,231,540)	(4.6)	(726,857)	(3.9)	(1,402,829)	(4.1)
Administrative expenses	(766,252)	(1.1)	(926,833)	(1.4)	(1,216,110)	(1.1)	(240,209)	(1.3)	(465,323)	(1.4)
Research and development expenses	(1,511,815)	(2.3)	(2,104,226)	(3.1)	(3,151,401)	(2.7)	(604,689)	(3.3)	(1,103,775)	(3.2)
Fair value changes on investments measured at fair value through profit or loss	2,813,353	4.2	2,727,283	4.0	6,371,098	5.6	1,179,700	6.4	1,762,868	5.1
Share of (losses)/gains of investments accounted for using the equity method	(92,781)	(0.1)	(150,445)	(0.2)	(231,496)	(0.2)	(66,404)	(0.4)	16,329	0.0
Other income	522,436	0.8	540,493	0.8	448,671	0.4	24,156	0.1	158,226	0.5
Other (losses)/gains, net	(379,439)	(0.6)	(528,250)	(0.8)	72,040	0.1	(75,319)	(0.4)	97,567	0.3
Operating profit	1,372,670	2.0	3,785,064	5.5	12,215,467	10.7	1,954,496	10.5	3,364,490	9.7
Finance (expense)/income, net	(85,867)	(0.1)	(86,246)	(0.1)	26,784	0.0	(12,121)	(0.1)	17,834	0.1
Fair value changes of convertible redeemable preferred shares	(8,759,314)	(13.1)	(2,523,309)	(3.7)	(54,071,603)	(47.2)	(9,464,478)	(51.1)	(10,071,376)	(29.3)
(Loss)/profit before income tax	(7,472,511)	(11.2)	1,175,509	1.7	(41,829,352)	(36.5)	(7,522,103)	(40.7)	(6,689,052)	(19.5)
Income tax expenses	(154,519)	(0.2)	(683,903)	(1.0)	(2,059,763)	(1.8)	(344,915)	(1.9)	(338,359)	(1.0)
(Loss)/profit for the year/period	(7,627,030)	(11.4)	491,606	0.7	(43,889,115)	(38.3)	(7,867,018)	(42.6)	(7,027,411)	(20.5)
Non-IFRS Measure: Adjusted (loss)/profit (unaudited)[(1)]	(303,887)	(0.5)	1,895,657	2.8	5,361,876	4.7	660,530	3.6	1,699,301	4.9

Note:

(1) We define non-IFRS adjusted (loss)/profit as loss or profit for the period, as adjusted by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation, (iii) net fair value gains on investments, and (iv) amortization of intangible assets resulting from acquisitions. Adjusted (loss)/profit is not a measure required by, or presented in accordance with, IFRS. The use of adjusted (loss)/profit has limitation as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis

of, our results of operations or financial condition as reported under IFRS. See "Financial Information—Non-IFRS Measure: Adjusted (Loss)/Profit" for details.

We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management regarding financial and business trends relation to its financial condition and results of operations, 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 and certain impact of investment transactions. We also believe that the non-IFRS measures are appropriate for evaluating the Group's operating performances. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results. The following tables set forth the reconciliations of our non-IFRS financial measure for the three months ended March 31, 2018 and 2017 and for the years ended December 31, 2017, 2016 and 2015 to the nearest measures prepared in accordance with IFRS:

	Three Months Ended March 31, 2018					
		Adjustments				
	As reported	Fair value changes of convertible redeemable preferred shares	Share-based compensation	Net fair value gains on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Non-IFRS
	(RMB in thousand, unless specified)					
(Loss)/profit for the period	(7,027,411)	10,071,376	488,237	(1,833,421)	520	1,699,301
Net margin	(20.5)%					4.9%

	Three Months Ended March 31, 2017					
		Adjustments				
	As reported	Fair value changes of convertible redeemable preferred shares	Share-based compensation	Net fair value gains on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Non-IFRS
	(RMB in thousand, unless specified)					
(Loss)/profit for the period	(7,867,018)	9,464,478	136,176	(1,073,717)	611	660,530
Net margin	(42.6)%					3.6%

	Year Ended December 31, 2017					
		Adjustments				
	As reported	Fair value changes of convertible redeemable preferred shares	Share-based compensation	Net fair value gains on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Non-IFRS
	(RMB in thousand, unless specified)					
(Loss)/profit for the year	(43,889,115)	54,071,603	909,155	(5,732,151)	2,384	5,361,876
Net margin	(38.3)%					4.7%

	Year Ended December 31, 2016					
		Adjustments				
	As reported	Fair value changes of convertible redeemable preferred shares	Share-based compensation	Net fair value gains on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Non-IFRS
	(RMB in thousand, unless specified)					
Profit for the year	491,606	2,523,309	871,230	(1,992,999)	2,511	1,895,657
Net margin	0.7%					2.8%

	Year Ended December 31, 2015					
		Adjustments				
	As reported	Fair value changes of convertible redeemable preferred shares	Share-based compensation	Net fair value gains on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Non-IFRS
	(RMB in thousand, unless specified)					
Loss for the year	(7,627,030)	8,759,314	690,742	(2,130,169)	3,256	(303,887)
Net margin	(11.4)%					(0.5)%

Notes:

(1) Includes fair value gains on equity investments and preferred shares investments deducting the cumulative fair value changes for investments disposed in the current period, the impairment provision for investments, remeasurement of loss of significant influence in an associate and remeasurement of investments transferring from financial asset measured at fair value through profit or loss to investments using the equity method, net of tax.

(2) Represents amortization of intangible assets resulting from acquisitions, net of tax.

SELECTED CONSOLIDATED BALANCE SHEET DATA

	As of December 31,			As of March 31,
	2015	2016	2017	2018
	(in thousands of RMB)			
Total non-current assets	14,184,010	20,129,283	28,731,300	31,064,904
Total current assets	24,952,527	30,636,318	61,138,461	61,028,696
Total assets	39,136,537	50,765,601	89,869,761	92,093,600
Total non-current liabilities	109,310,565	116,760,214	169,947,781	174,795,022
Total current liabilities	16,464,280	26,063,262	47,132,671	45,289,639
Net current assets	8,488,247	4,573,056	14,005,790	15,739,057
Total liabilities	125,774,845	142,823,476	217,080,452	220,084,661
Net liabilities	(86,638,308)	(92,057,875)	(127,210,691)	(127,991,061)
Share capital	150	150	150	150
Reserves	(86,714,628)	(92,191,820)	(127,272,511)	(127,992,149)
Non-controlling interests	76,170	133,795	61,670	938
Total equity	(86,638,308)	(92,057,875)	(127,210,691)	(127,991,061)

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS DATA

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(in thousands of RMB)			(unaudited)	
Net cash (used in)/generated from operating activities[(1)]	(2,601,311)	4,531,264	(995,669)	(1,246,696)	(1,277,682)
Net cash generated from/(used in) investing activities	873,395	(3,735,267)	(2,677,714)	2,659,857	460,647
Net cash generated from/(used in) financing activities	568,383	(72,141)	6,214,930	1,337,144	3,337,476
Net (decrease)/increase in cash and cash equivalents	(1,159,533)	723,856	2,541,547	2,750,305	2,520,441
Cash and cash equivalents at beginning of the year/period	9,264,955	8,394,078	9,230,320	9,230,320	11,563,282
Effects of exchange rate changes on cash and cash equivalents	288,656	112,386	(208,585)	(68,054)	(56,710)
Cash and cash equivalents at end of the year/ period	8,394,078	9,230,320	11,563,282	11,912,571	14,027,013

Note:

(1) During the Track Record Period, we experienced operating cash outflows of RMB2.6 billion, RMB1.0 billion and RMB1.3 billion in 2015, 2017 and the first quarter of 2018, respectively. The operating cash outflow in 2015 was, among other factors, primarily due to our adjusted net loss for the period. We expanded internationally at scale starting from 2015 and the early stage of our international operations and investments to build a presence in overseas markets in 2015, contributed to our gross loss in our smartphones segment in

2015. The operating cash outflow in 2017 was, among other factors, primarily due to an increase in loan and interest receivables, as a result of the nature of our internet finance business, which did not constitute our core business in terms of revenue contribution. Excluding the increase in loan and interest receivables mainly resulting from internet finance business during such period, we would record a positive operating cash flow of RMB5.9 billion in 2017. The operating cash outflow in the first quarter of 2018 was, among other factors, primarily due to a seasonal decrease in trade payables and a decrease in other payables and accruals. After considering the historical operating cash used in operating activities, our overall financial performance and the financial resources available to us, we believe that our working capital will be sufficient to meet our anticipated capital needs for the next 12 months from the date of this prospectus.

As of March 31, 2018, we had net liabilities of RMB128.0 billion and accumulated losses of RMB136.0 billion, mainly because we incurred significant fair value losses of convertible redeemable preferred shares. The convertible redeemable preferred shares are designated as financial liabilities at fair value through profit or loss on the consolidated balance sheets; they are initially recognized at fair value and the increases in fair value are recognized as fair value loss on the consolidated income statement. The fair value loss of convertible redeemable preferred shares is a non-cash and extraordinary item that will not recur after the listing of our Shares on the Stock Exchange, as the convertible redeemable preferred shares issued by us will be automatically converted into ordinary shares, but we may still retain accumulated losses due to the fair value loss of our convertible redeemable preferred shares prior to the Listing. We expect that the fair value losses of convertible redeemable preferred shares will adversely affect our financial results for the year ending December 31, 2018.

KEY RATIOS/METRICS

The following table sets forth our key ratios/metrics for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
Total revenue growth (%)	N/A	2.4	67.5	N/A	85.7
Revenue growth for smartphones segment (%)	N/A	(9.2)	65.2	N/A	90.6
Number of smartphones sold (thousands)	66,546	55,419	91,410	13,085	28,413
Smartphone average selling price (RMB)	807.2	879.9	881.3	931.9	817.9
Revenue growth for IoT and lifestyle products segment (%)	N/A	42.9	88.9	N/A	85.0
Revenue of IoT and lifestyle products segment per smartphone sold (RMB)	130.6	224.0	256.5	318.0	270.9
Revenue growth for internet services segment (%)	N/A	101.8	51.4	N/A	59.2
End-of-the-period MIUI MAUs (millions)	112.2	134.8	170.8	138.3	190.0
Average internet services revenue per user(1) (RMB)	28.9	48.5	57.9	14.7	17.0
Gross margin for hardware(2) (%)	(0.2)	4.4	8.7	7.3	7.0
Gross margin for internet services segment (%)	64.2	64.4	60.2	60.4	62.3
Gross margin for advertising services (%)	91.1	85.6	81.8	83.7	82.3
Gross margin for internet value-added services (%)	29.6	34.2	32.0	37.3	34.7
Non-IFRS adjusted (loss)/profit(3) (RMB in thousands)	(303,887)	1,895,657	5,361,876	660,530	1,699,301
Non-IFRS net margin(4) (%)	(0.5)	2.8	4.7	3.6	4.9
Cash conversion cycle(5) (days)	(20)	(35)	(38)	(39)	(33)

Notes:

(1) Calculated as revenue for the internet services segment divided by end-of-the-period MIUI MAUs.

(2) Gross margin for hardware equals the sum of the gross profit for the smartphone segment and the IoT and lifestyle products segment divided by the total revenue from these two segments for the period indicated and multiplied by 100%.

(3) We define non-IFRS adjusted (loss)/profit as loss or profit for the period, as adjusted by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation, (iii) net fair value gains on investments, and (iv) amortization of intangible assets resulting from acquisitions.

(4) Represents non-IFRS adjusted (loss)/profit divided by the total revenue for the period indicated.

(5) Cash conversion cycle equals inventory turnover days, plus trade receivables turnover days, minus trade payables turnover days.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Class B Shares in issue (including the Class B Shares on conversion of the Preferred Shares), and the Class B Shares to be issued pursuant to the (i) Global Offering, (ii) exercise of the Over-allotment Option, (iii) exercise of share options which have been granted under the Pre-IPO ESOP, (iv) exercise of share options which may be granted under the Post-IPO Share Option Scheme, (v) awards granted under the Share Award Scheme and (vi) conversion of Class A Shares into Class B Shares on a one to one basis.

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. Chinese laws require that dividends be paid only out of the profit for the year calculated according to Chinese accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. Chinese laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises' registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends.

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us. We do not currently have a formal dividend policy or a fixed dividend payout ratio. Under the laws of the Cayman Islands, the financial position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability.

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 108,980,000 Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed "—The Hong Kong Public Offering"; and

(b) the International Offering of initially 2,070,605,000 Offer Shares (comprising 1,325,460,000 New Class B Shares and 745,145,000 Sale Shares, and subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

The Offer Shares will represent 9.74% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO ESOP are not exercised.

CDR

On March 30, 2018, the State Council published a Notice on the Guidance of Domestic Offering of Shares or Depositary Receipts by Innovative Companies from CSRC (證監會《關於開展創新企業境內發行股票或存託憑證試點的若干意見》) (the "**CDR Guidance**") which sets out, among other things, the principles of the pilot programme, the qualifications of innovative companies and the conditions for offering. On May 11, 2018, the CSRC publicly solicited opinions on the Decision on Amending the Measures for the Administration of Securities Issuance and Underwriting (關於就《關於修改〈證券發行與承銷管理辦法〉的決定》公開徵求意見的通知) for the implementation of the CDR Guidance. On June 6, 2018, the CSRC published the Administrative Measures for Offering and Trading of the Depositary Receipts (Trial Implementation) (存託憑證發行與交易管理辦法（試行）) ("**DR Trial Measures**"). For further information on the rules and regulations of mainland China in relation to the CDR Offering, please refer to the section headed "Regulations – Regulations Relating to CDR Offering."

Pursuant to the DR Trial Measures, we filed an application for a CDR Offering with the CSRC on June 7, 2018. On June 18, 2018, we submitted a letter to the CSRC stating that after due consideration, we would like to complete the Global Offering first and conduct a CDR Offering in mainland China at an appropriate time in the future. According to Rule 10.08 of the Listing Rules, we cannot issue any underlying Shares relating to the CDR within 6 months of the Listing. If we conduct a CDR Offering within 6 months of the Listing, we will apply to the Stock Exchange for a waiver from compliance of the requirements under Rule 10.08 of the Listing Rules, which is subject to the approval of the Stock Exchange. In the event that we resume the CDR Offering process and the CDR Offering is approved by the relevant regulatory authority and successfully completed, such event may have a dilutive effect on all of our shareholders. We cannot provide an accurate estimate of the listing expenses or the timetable for the CDR Offering.

With reference to the rules and regulations published by the relevant regulatory authorities in mainland China and available to us as of the Latest Practicable Date, we are of the view that the CDR Offering, should it proceed, will not have a material adverse impact on the rights of our shareholders in general, including but not limited to investors in the Global Offering. The WVR Beneficiaries will not participate in the CDR Offering. We confirm that if the CDR Offering is consummated and there is a difference in the level of shareholder protection provided by the Listing Rules and other applicable laws of Hong Kong on one hand, and the DR Trial Measures, CDR Guidance and other applicable laws of mainland China or rules of the Shanghai Stock Exchange on the other hand, the Company will abide by the laws, regulations or rules (as the case may be) that afford a higher level of protection to the rights and interests of our shareholders.

RECENT DEVELOPMENTS

Since the end of the Track Record Period and up to the date of this prospectus, we have experienced significant revenue growth. We plan to continue to launch new products and services and expand internationally.

On April 2, 2018, we issued 63,959,619 class B ordinary shares with a par value of US$0.000025 per share (or 639,596,190 Class B Shares following the Share Subdivision) to Smart

Mobile Holdings Limited, an entity controlled by Lei Jun, to reward Lei Jun for his contributions to our Company. Accordingly, RMB9,827,157,000 was recognized as share-based compensation expenses on April 2, 2018 by the Group.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, except as disclosed above, there has been no material adverse change in our financial or trading position or prospects since March 31, 2018, being the end date of the periods reported on in the Accountant's Report in Appendix I to this prospectus, and there is no event since March 31, 2018 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 1,434,440,000 Class B Shares are issued pursuant to the Global Offering; and (ii) 22,376,130,830 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$22.00	Based on an Offer Price of HK$17.00
Market capitalization of our Shares(1)	HK$492,275 million	HK$380,394 million
Unaudited pro forma adjusted net tangible asset per Share(2)(3)	HK$3.31 (RMB2.71)	HK$2.99 (RMB2.45)

Notes:

(1) The calculation of market capitalization is based on 22,376,130,830 shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share as of March 31, 2018 is calculated after making the adjustments referred to in Appendix II and on the basis that 22,376,130,830 shares are expected to be in issue immediately upon completion of the Global Offering.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 22,376,130,830 Shares were in issue (including the 63,959,619 Class B Shares (or 639,596,190 Class B Shares following the Share Subdivision) issued to Smart Mobile Holdings Limited on April 2, 2018, the completion of the conversion of Preferred Shares into Class B Shares and the completion of the Share Subdivision) assuming that the Global Offering has been completed on March 31, 2018 but does not take into account the exercise of the Over-allotment Option or the share options granted under the Pre-IPO ESOP or any Shares that may be issued or repurchased by the Company under the general mandates granted to our Directors.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II.

LISTING EXPENSES

Based on the mid-point of the indicative Offer Price range of HK$19.50, the total estimated listing related expenses payable by us in connection with the Global Offering is approximately RMB373.9 million (or approximately RMB85.7 million after excluding underwriting commission and incentive fee, SFC transaction levy and Stock Exchange trading fee of approximately RMB288.2 million and assuming the Over-allotment Option is not exercised), of which RMB25.4 million was charged to our consolidated income statement for the year ended December 31, 2017 and RMB12.0 million was charged to our consolidated income statement for the three months ended March 31, 2018. We estimate that the total listing expenses for the year of 2018 in the amount of RMB55.7 million will be charged to our consolidated income statement for the year ending December 31, 2018. The balance of approximately RMB292.8 million is expected to be capitalized.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$27,560.9 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering and taking into account any additional discretionary incentive fee (assuming the full payment of the discretionary incentive fee), assuming an Offer Price of HK$19.50 per Share, being the mid-point of the indicative Offer Price range of HK$17.00 to HK$22.00 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 30% (approximately HK$8,268.3 million) for research and development as well as other efforts to develop our core in-house products, including our smartphones, smart TVs, laptops, AI speakers and smart routers. Our efforts include but are not limited to hiring engineers, designers, scientists and other talent, expanding our intellectual property portfolio, both domestically and internationally, and further investing in our IT infrastructure, AI technology and data analytics capabilities. We intend to use certain proceeds from this Offering to fund several major research and development projects involving (i) our SoC, camera and other smartphone core components, (ii) our smartphone and smart TV operating systems and (iii) our AI efforts. The results of these research and development projects will be applied in a series of future products that we plan to release;

- approximately 30% (approximately HK$8,268.3 million) for investments to expand and strengthen our ecosystem primarily in the fields of IoT and lifestyle products and mobile internet services, including AI. As of March 31, 2018, we have invested in and managed an ecosystem of over 210 companies. Many of our investments have since become highly successful. For example, the number one power bank, air purifier and electric scooter companies globally, and the number one smart wearable company in mainland China by unit shipments in 2017 and in the first quarter of 2018, respectively, according to iResearch, are companies that we invested in. We intend to continue to identify, invest in and incubate promising companies, primarily in the fields of IoT and mobile internet services, that share the same philosophy and value with us and can help further strengthen and expand our product and service offerings to further improve our user experience. We may also increase our equity interest in entities that are already majority controlled by us and consolidated in our financial statements. Our investment strategy is to further expand members of the broader "ecosystem" related to our core business such that we could create strategic synergies and provide products, services and/or resources that we believe can help them efficiently expand product and service offerings to our users, have developed proprietary technologies complementary to us, or have the ability to help us enter a new market to expand our international footprint. See section headed "Waivers from Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in relation to Business or Subsidiary Acquired or Proposed to be Acquired after the Track Record Period" for details of our proposed acquisition as of the Latest Practicable Date. We do not plan to use the proceeds from the Global Offering for such proposed acquisition;

- approximately 30% (approximately HK$8,268.3 million) for our global expansion, including but not limited to hiring local teams across business functions and investing in our retail partners. We intend to leverage our strong execution capabilities to extend and localize our unique business model internationally in order to grow our user base and to increase user monetization. In addition to strengthening our market leadership position in India, we will focus on penetrating into additional markets. For this year, we intend to enter or deepen our market presence in South East Asia and Europe, including Indonesia and Spain where we have achieved initial success. In 2019 and going forward, we will further expand our geographic reach across Europe, Asia and other regions; and

- approximately 10% (approximately HK$2,756.1 million) for working capital and general corporate purposes.

In the event that the Offer Price is set at the high end or the low end of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$3,586.1 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

We estimate the net proceeds to the Selling Shareholders from the sale of Sale Shares pursuant to the Global Offering, assuming the Over-allotment Option is not exercised, to be approximately HK$14,347.6 million (assuming an Offer Price of HK$19.50 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting commission and estimated related expenses payable by the Selling Shareholders. We also estimate the net proceeds to the Selling Shareholders from the sale of Option Shares pursuant to the Global Offering, assuming the Over-allotment Option is exercised in full, to be approximately HK$2,415.5 million (assuming an Offer Price of HK$19.50 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting commission and estimated related expenses payable by the Option Grantors. We estimate the additional net proceeds from the issue of Option Shares pursuant to the Global Offering, assuming the Over-allotment Option is exercised in full, to be approximately HK$3,879.6 million (assuming an Offer Price of HK$19.50 per Offer share, being the mid-point of the indicative Offer Price range). We will not receive net proceeds from the sale of Sale Shares and Option Shares pursuant to the Global Offering, whether or not the Over-allotment Option is exercised.