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As confidentially submitted to the Securities and Exchange Commission on July 30, 2018

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Viomi Technology Co., Ltd

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands	**3630**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Wansheng Square, Rm 1302 Tower C, Xingang East Road, Haizhu District
Guangzhou, Guangdong, 510220
People's Republic of China
+86 20 8930 9496
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Z. Julie Gao, Esq.	**Haiping Li, Esq.**	**Shuang Zhao, Esq.**
Skadden, Arps, Slate, Meagher & Flom LLP	**Skadden, Arps, Slate, Meagher & Flom LLP**	**Cleary, Gottlieb, Steen & Hamilton LLP**
c/o 42/F, Edinburgh Tower, The Landmark	**JingAn Kerry Centre, Tower II**	**c/o 37th Floor,**
15 Queen's Road Central	**46th Floor**	**Hysan Place**
Hong Kong	**1539 Nanjing West Road**	**500 Hennessy Road**
+852 3740-4700	**Shanghai, the People's Republic of China**	**Causeway Bay, Hong Kong**
	+86 21 6193-8200	**+852 2521-4122**

Approximate date of commencement of proposed sale to the public:
as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price[2][3]	Amount of registration fee
Ordinary shares, par value US$0.0001 per share[1]	US$	US$

(1) American depositary shares issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-). Each American depositary share represents ordinary shares.

(2) Includes ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. Also includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These ordinary shares are not being registered for the purpose of sales outside the United States.

(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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PROSPECTUS (Subject to Completion)
Issued , 2018.

American Depositary Shares

Viomi Technology Co., Ltd

Representing Ordinary Shares

Viomi Technology Co., Ltd is offering American depositary shares, or ADSs, [and the selling shareholders identified in this prospectus are offering ADSs]. [We will not receive any proceeds from the sale of ADSs by the selling shareholders.] This is our initial public offering and no public market currently exists for our ADSs or ordinary shares. Each ADS represents of our ordinary shares, par value US$0.0001 per share. It is currently estimated that the initial public offering price per ADS will be between US$ and US$.

We intend to apply for the listing of our ADSs on [the New York Stock Exchange/Nasdaq] under the symbol "VIOT."

We are an "emerging growth company" under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

Investing in our ADSs involves risks. See "Risk Factors" beginning on page 15.

PRICE US$ PER ADS

	Price to Public	***Underwriting Discounts and Commissions(1)***	***Proceeds to us***	***[Proceeds to Selling Shareholders]***
Per ADS	*US$*	*US$*	*US$*	*US$*
Total	*US$*	*US$*	*US$*	*US$*

(1) See "Underwriting" for additional disclosure regarding underwriting compensation payable by us.

We [and the selling shareholders] have granted the underwriters the right to purchase up to an additional ADSs to cover over-allotments at the initial public offering price, less underwriting discounts and commissions.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on , 2018.

MORGAN STANLEY *CICC*

, 2018.

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You should rely only on the information contained in this prospectus or in any related free writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or in any related free writing prospectus. We are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus outside the United States.

Until , 2018 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our ADSs discussed under "Risk Factors," before deciding whether to invest in our ADSs. This prospectus contains information from an industry report commissioned by us and prepared by iResearch, an independent research firm, to provide information regarding our industry and our market position in China. We refer to this report as the "iResearch Report."

Our Mission

IoT @ Home: Redefining the future home.

Overview

We have developed a unique Home Operating System, or Home OS platform, consisting of an ecosystem of innovative IoT-enabled smart home products, or IoT products, together with a suite of complementary consumable products and value-added businesses. This platform enables consumers to intelligently interact with a broad portfolio of IoT products in an intuitive and human-like manner to make daily life more convenient, efficient and enjoyable, while allowing us to capture various scenario-driven consumption events in the home environment.

Powered by advanced artificial intelligence, or AI, proprietary software and data analytics systems, our Home OS platform generates extensive and deep consumer behavior data and insights, enabling us to continue to enhance our products and offer additional bespoke value-added businesses over time. As of March 31, 2018, our Home OS platform had over 1.0 million household users.

Xiaomi is our strategic partner, shareholder and customer. Our strategic partnership with Xiaomi gives us access to Xiaomi's ecosystem users, market and data resources and related support. Meanwhile, our strong research and development capabilities and innovative products and services also enrich Xiaomi's suite of offerings, resulting in a mutually beneficial relationship between Xiaomi and us.

Market Opportunity and Key Industry Trends

Our addressable market consists of China's broader home appliances industry, which is large and relatively mature, though still growing at a steady pace. According to the iResearch Report, China's home appliances market reached approximately RMB800.5 billion (US$123.0 billion) in terms of retail sales in 2017, having grown at a CAGR of 6.2% from 2013 to 2017, and is estimated to grow at a CAGR of 7.8% from 2017 to 2022 to reach RMB1,167.9 billion (US$179.5 billion) by 2022. Enabled by the proliferation of mobile technology and advancements in AI, IoT-enabled smart home products are rapidly gaining popularity in China. According to the iResearch Report, the market for IoT-enabled smart home products in China, a subset of the broader home appliances market, reached RMB345.6 billion (US$53.1 billion) in terms of retail sales in 2017, having grown at a CAGR of 26.5% from 2013 to 2017. Despite this recent rapid growth, significant room for growth is expected in this market. According to the iResearch Report, this market is estimated to continue its robust growth at a CAGR of 20.1% from 2017 to 2022 to reach RMB865.2 billion by 2022 in terms of retail sales, with the household penetration rate for IoT-enabled smart home products, excluding other smart products, in China increasing from 35.8% in 2017 to 59.0% by 2022.

There are powerful industry and consumer trends driving the increased adoption of IoT-enabled smart home products in China, including:

- increasing receptiveness towards and adoption of smart home AI and IoT technology;

- product innovation and technological developments;
- aspiration-driven consumption upgrade; and
- busier lifestyles and demand for convenience.

Our Business Model and Value Propositions

We operate a highly scalable business model based on the three key pillars: (i) our IoT products; (ii) complementary consumable products and value-added businesses ecosystem; and (iii) a factory-to-consumer, or F2C, new retail sales strategy. Our solutions offer consumers the following value propositions:

- intuitive easy-to-use experience;
- multi-interfaced, connected platform;
- intelligent and dynamic system;
- essential daily use;
- scenario-driven consumption events; and
- accessible and affordable.

We have experienced significant growth since our inception, largely driven by increasing brand recognition, new product launches, strong product sales, and increasing receptiveness towards and adoption of smart home AI and IoT technology in China. Our number of household users increased by 197.3% from approximately 348 thousand as of December 31, 2016 to over 1.0 million as of March 31, 2018, with the number of IoT products shipped increasing by 212.3% from approximately 382 thousand units in 2016 to approximately 1.2 million units in 2017. Our net revenues increased by 179.4% from RMB312.6 million in 2016 to RMB873.2 million (US$134.2 million) in 2017. For the years ended December 31, 2016 and 2017, revenues generated from our sales to Xiaomi were RMB299.8 million and RMB739.5 million (US$113.7 million), primarily consisting of sales of Xiaomi-branded IoT-enabled smart water purification systems as well as other complementary products such as water purifier filters, kettles and water quality meters, representing 95.9% and 84.7% of our total net revenues during such periods, respectively. In recent years, we have made significant efforts to ramp-up sales of Viomi-branded products, especially IoT products, through new product development and the introduction of new product categories. For the years ended December 31, 2016 and 2017, revenues generated from sales of Viomi-branded products and others were RMB32.1 million and RMB218.3 million (US$33.5 million), representing 10.3% and 25.0% of our total net revenues during such periods, respectively. Our net income increased by 473.5% from RMB16.3 million in 2016 to RMB93.2 million (US$14.3 million) in 2017.

Our Strengths

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

- multi-interfaced, connected and synergistic Home OS platform;
- aspirational brand with a rapidly growing user base;
- unique and highly scalable business model;
- powerful data analytics capabilities;
- proven research and development capabilities with commitment to innovation; and
- visionary and professional management team.

Our Strategies

We intend to achieve our mission and strengthen our market position through successful execution of the key elements of our growth strategies, which include:

- continue to introduce new and innovative products;
- enhance our technology, software and data insights;
- strengthen our brand recognition and expand our user base;
- enrich our value-added businesses ecosystem;
- expand and enhance our sales channels; and
- invest along our product value chain.

Our Challenges

Our business and the successful execution of our strategies are subject to various challenges, risks and uncertainties, including those related to our ability to:

- compete effectively;
- effectively manage our growth and the increased complexity of our business;
- continue to maintain our cooperation with, and sales to, Xiaomi;
- enhance brand recognition;
- develop and commercialize new products, services and technologies;
- grow and retain our users;
- adapt to technological changes and implement technological enhancements to our products and services;
- efficiently manage our contract manufacturers and suppliers;
- effectively manage our inventory; and
- protect our intellectual property and proprietary rights.

Corporate History and Structure

We commenced our operations in May 2014 through Foshan Yunmi Electric Appliances Technology Co., Ltd, or Foshan Viomi, a PRC domestic company, to develop, manufacture and sell IoT products including smart water purification systems.

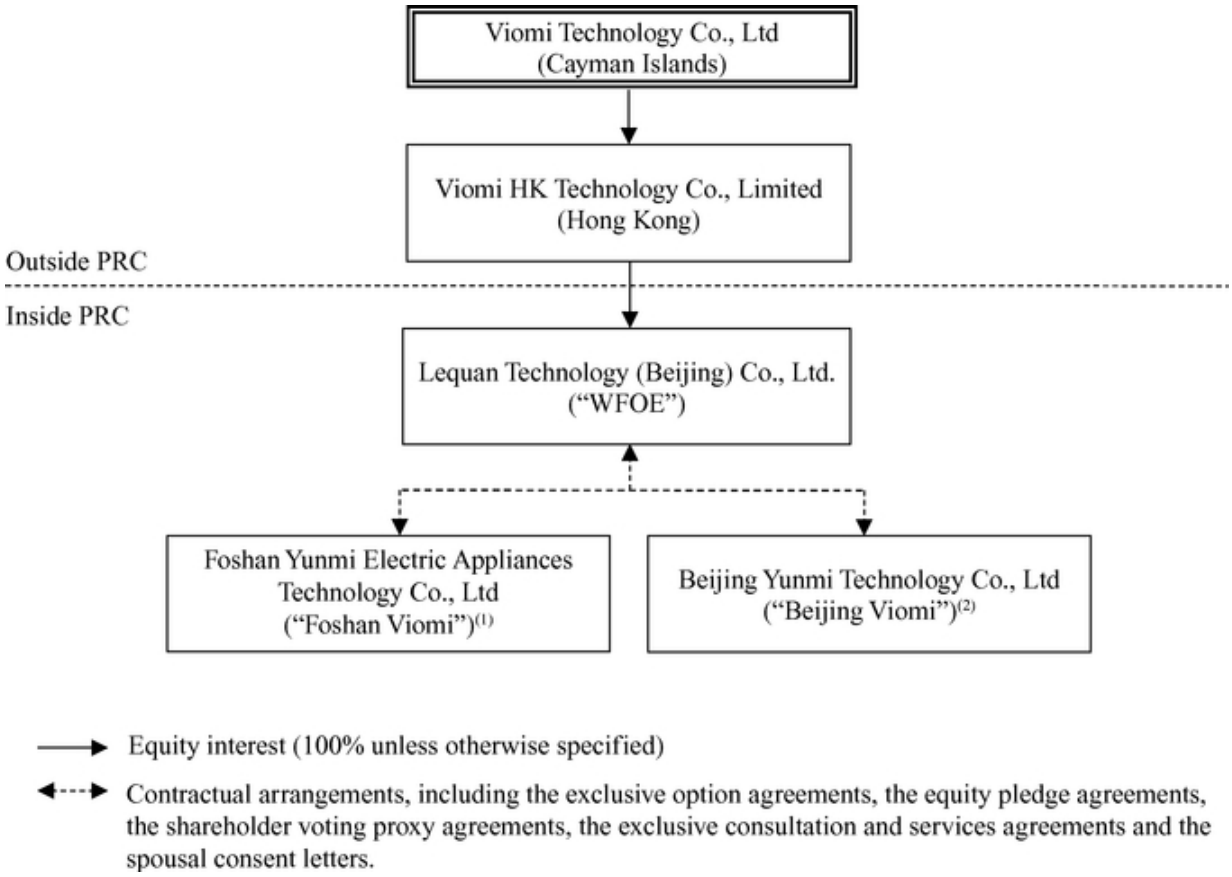
In January 2015, we incorporated Viomi Technology Co., Ltd as our offshore holding company in order to facilitate foreign investment in our company. Subsequently, we established Viomi HK Technology Co., Limited, or Viomi HK, as our intermediate holding company, which in turn established a wholly-owned PRC subsidiary, Lequan Technology (Beijing) Co., Ltd., or Lequan Technology or our WFOE, in April 2015.

In January 2015, we formed a PRC domestic company, Beijing Yunmi Technology Co., Ltd, or Beijing Viomi, to develop and manage our big data, software and product design. In July 2015, we obtained control over Foshan Viomi and Beijing Viomi by entering into a series of contractual arrangements with them and their respective shareholders. We collectively refer to Foshan Viomi and Beijing Viomi as our VIEs in this prospectus. We use contractual arrangements with VIEs due to PRC restrictions or prohibitions on foreign ownership of internet and other related businesses in China. Although our provision of e-commerce

services falls within the permitted category according to the Negative List (as defined elsewhere in this prospectus) that took effect on July 28, 2018, foreign investments in this business are still restricted by other qualifications and requirements under related regulations in China. In 2016 and 2017, we derived virtually all of our revenues from our VIEs. We rely on dividends and other distributions paid to us by our WFOE, which in turn depends on the service fees that our VIEs pay to our WFOE. Our WFOE has the sole discretion to receive from each of our VIEs an annual service fee at an amount up to 100% of the respective VIE's annual net income. In addition, our WFOE is entitled to receive certain fees for other technical services at the amount mutually agreed upon by our WFOE and the respective VIE. Our WFOE did not collect any service fees from our VIEs in the last two fiscal years, and will make discretionary determinations on the amount of fees to collect based on the performance of our VIEs and our business needs going forward. We do not have unfettered access to our WFOE and VIEs' revenues due to PRC legal restrictions on the payment of dividends by PRC companies, foreign exchange control restrictions, and the restrictions on foreign investment, among others. For more details and risks related to our variable interest entity structure, please see "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Shareholders" and "Risk Factors—Risks Related to Our Corporate Structure."

As a result of our direct ownership in our WFOE and the contractual arrangements with the VIEs, we are regarded as the primary beneficiary of our VIEs, and we treat them as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of our VIEs in our consolidated financial statements in accordance with U.S. GAAP.

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs as of the date of this prospectus:

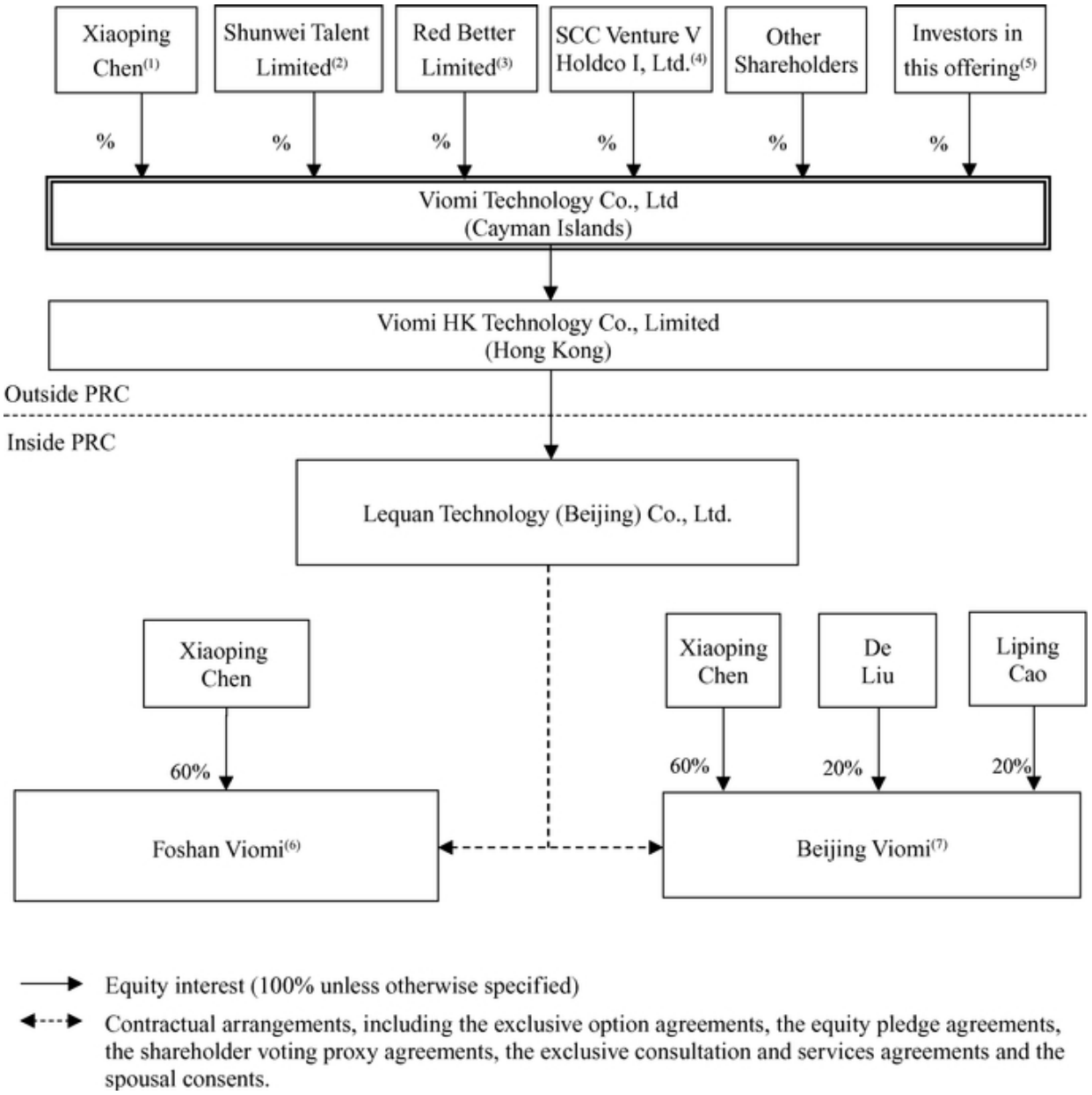


Notes:

(1) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Foshan Viomi. Tianjin Jinxing Investment Company, an affiliate of our principal shareholder Red Better Limited, holds the remaining 40% equity interests in Foshan Viomi.

(2) Mr. Chen holds 60% equity interests in Beijing Viomi. Two employees of our shareholders, Red Better Limited and Shunwei Talent Limited, each hold 20% equity interests in Beijing Viomi.

The following diagram illustrates our anticipated corporate structure, including our significant subsidiaries and VIEs, upon the completion of this offering (assuming no exercise of the over-allotment option):



(1) Represents the shares Mr. Xiaoping Chen holds directly through his wholly-owned company, Viomi Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Mr. Xiaoping Chen's beneficial ownership in our company prior to and immediately after this offering.

(2) Represents the shares held by Shunwei Talent Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Shunwei Talent Limited's beneficial ownership in our company prior to and immediately after this offering.

(3) Represents the shares held by Red Better Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Red Better Limited's beneficial ownership in our company prior to and immediately after this offering.

(4) Represents the shares held by SCC Venture V Holdco I, Ltd. Please see the section titled "Principal [and Selling] Shareholders" for more information on SCC Venture V Holdco I, Ltd's beneficial ownership in our company prior to and immediately after this offering.

(5) The computation of beneficial ownership percentages assumes the underwriters do not exercise their over-allotment option. See "Principal [and Selling] Shareholders."

(6) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Foshan Viomi. Tianjin Jinxing Investment Company, an affiliate of our principal shareholder Red Better Limited, holds the remaining 40% equity interests in Foshan Viomi.

(7) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Beijing Viomi. Each of De Liu and Liping Cao, who are respectively employees of our shareholders: Red Better Limited and Shunwei Talent Limited, holds 20% equity interests in Beijing Viomi.

Implication of Being an Emerging Growth Company

As a company with less than US$1.07 billion in revenues for fiscal year 2017, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates exceeds US$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

Corporate Information

Our principal executive offices are located at Wansheng Square, Rm 1302 Tower C, Xingang East Road, Haizhu District, Guangzhou, Guangdong, 510220, People's Republic of China. Our telephone number at this address is +86 20 8930 9496. Our registered office in the Cayman Islands is located at the office of NovaSage Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P.O. Box 2582, Grand Cayman KY1-1103, Cayman Islands.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is *www.viomi.com.cn*. The information contained on our website is not a part of this prospectus. Our agent for service of process in the United States is , located at .

Conventions that Apply to this Prospectus

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- "ADSs" are to our American depositary shares, each of which represents ordinary shares;
- "ADRs" are to the American depositary receipts that evidence our ADSs;
- "China" or the "PRC" are to the People's Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- our "Home OS platform" are to our ecosystem of innovative IoT-enabled smart home products, together with a suite of complementary consumable products and value-added businesses, powered by advanced AI, proprietary software and data analytics systems;
- "household users" as of a specified date are to households where at least one of our IoT products was connected to the internet;
- "IoT" are to the Internet of Things, an interconnected network of devices, or "things," that can communicate with one another through the internet;
- our "IoT-enabled smart home products," and our "IoT products" are to our portfolio of smart home products with internet or Bluetooth connectivity capabilities, including our smart water purification systems, smart kitchen products and other smart products (such as smart water kettles);
- "ordinary shares" are to our ordinary shares, par value US$0.0001 per share;
- "our VIEs" are to Foshan Yunmi Electric Appliances Technology Co., Ltd, or Foshan Viomi, and Beijing Yunmi Technology Co., Ltd, or Beijing Viomi;
- "Viomi," "we," "us," "our Company" and "our" are to Viomi Technology Co., Ltd, our Cayman Islands holding company and its subsidiaries, its consolidated variable interest entities and the subsidiaries of the consolidated variable interest entities;
- "our WFOE" are to Lequan Technology (Beijing) Co., Ltd, or Lequan Technology;
- "RMB" and "Renminbi" are to the legal currency of China;
- "US$," "U.S. dollars," "$," and "dollars" are to the legal currency of the United States; and
- "Xiaomi" are to Xiaomi Corporation, an internet company and a 19.9% shareholder of our Company as of the date of this prospectus, and/or any of its affiliates.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their over-allotment option.

The Offering

Offering price	We currently estimate that the initial public offering price will be between US$ and US$ per ADS.
ADSs offered by us	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).
[ADSs offered by the selling shareholders	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).]
ADSs outstanding immediately after this offering	ADSs (or ADSs if the underwriters exercise their over-allotment option in full)
Ordinary shares outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters exercise their over-allotment option in full).
The ADSs	Each ADS represents ordinary shares, par value US$0.0001 per share. The depositary will hold ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may surrender your ADSs to the depositary in exchange for ordinary shares. The depositary will charge you fees for any exchange. We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. To better understand the terms of the ADSs, you should carefully read the "Description of American Depositary Shares" section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Over-allotment option	We [and the selling shareholders] have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts and commissions.

Use of proceeds	We expect that we will receive net proceeds of approximately US$ million from this offering, assuming an initial public offering price of US$ per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for (i) research and development of products, services and technologies, (ii) selling and marketing initiatives, (iii) potential strategic investments and acquisitions along our product value chain, and (iv) general corporate purposes. See "Use of Proceeds" for more information. [We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]
Lock-up	[We, our directors, executive officers, all of our existing shareholders and certain option holders] have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. subject to certain exceptions. See "Shares Eligible for Future Sale" and "Underwriting."]
[Directed ADS Program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering to some of our directors, officers, employees, business associates and related persons through a directed ADS program.]
Listing	We intend to apply to have the ADSs listed on the [New York Stock Exchange/Nasdaq] under the symbol "VIOT." Our ADSs and shares will not be listed on any other stock exchange or traded on any automated quotation system.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depositary Trust Company on , 2018.
Depositary	

The number of ordinary shares that will be outstanding immediately after this offering:

- is based on 169,600,000 ordinary shares outstanding as of the date of this prospectus, assuming (i) the automatic conversion of our outstanding class A ordinary shares into 16,145,454 ordinary shares, (ii) the automatic conversion of our outstanding class B ordinary shares into 135,272,728 ordinary shares, and (iii) the automatic conversion of our outstanding series A convertible and redeemable preferred shares into 18,181,818 ordinary shares immediately upon the completion of this offering;
- includes ordinary shares in the form of ADSs that we will issue and sell in this offering, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs; and
- excludes 30,400,000 ordinary shares reserved for future issuances under our 2015 share incentive plan and our 2018 share incentive plan, among which 11,240,000 ordinary shares are issuable, upon exercise of options outstanding under our 2015 share incentive plan as of the date of this prospectus.

Summary Consolidated Financial and Operating Data

The following summary consolidated financial data for the years ended December 31, 2016 and 2017 and as of December 31, 2016 and 2017 are derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table presents our summary consolidated statements of comprehensive (loss) income data for the years ended December 31, 2016 and 2017.

	For the year ended December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands, except for share and per share data)		
Summary Consolidated Statements of Comprehensive (Loss) Income:			
Net revenues[1]	312,574	873,219	134,210
Cost of revenues	(232,544)	(598,036)	(91,915)
Gross profit	80,030	275,183	42,295
Operating expenses[2]**:**			
Research and development expenses[2]	(29,926)	(60,749)	(9,337)
Selling and marketing expenses[2]	(20,929)	(95,296)	(14,648)
General and administrative expenses[2]	(14,386)	(15,818)	(2,431)
Total operating expenses	(65,241)	(171,863)	(26,416)
Other (expenses) income	(481)	2,236	344
Income from operations	14,308	105,556	16,223
Interest (expenses) income	(296)	2,402	369
Income before income tax benefit (expenses)	14,012	107,958	16,592
Income tax benefit (expenses)	2,247	(14,718)	(2,262)
Net income	16,259	93,240	14,330
Net income attributable to Viomi Technology Co., Ltd (the "Company")	16,259	93,240	14,330
Net (loss) income attributable to ordinary shareholders of the Company	(3,453)	8,033	1,234
Net (loss) income per share attributable to ordinary shareholders of the Company:			
Net (loss) income per ordinary share—basic	(0.28)	0.39	0.06
Net (loss) income per ordinary share—diluted	(0.28)	0.30	0.05
Weighted average number of ordinary shares used in computing net (loss) income per share:			
Ordinary shares—basic	12,230,136	20,684,681	20,684,681
Ordinary shares—diluted	12,230,136	26,545,150	26,545,150

Notes:

(1) Includes RMB299.8 million and RMB739.5 million (US$113.7 million) from sales to Xiaomi for the years ended December 31, 2016 and 2017, respectively.

(2) Share-based compensation expenses were allocated as follows:

	For the year ended December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands)		
General and administrative expenses	6,863	3,303	508
Research and development expenses	3,464	1,903	292
Selling and marketing expenses	251	615	95

The following table presents our summary consolidated balance sheet data as of December 31, 2016 and 2017.

	As of December 31,						
	2016	2017					
		Actual		Pro forma(1) (unaudited)		Pro forma as adjusted(2) (unaudited)	
	RMB	RMB	US$	RMB	US$	RMB	US$
	(in thousands)						
Summary Consolidated Balance Sheet Data:							
Current assets:							
Cash and cash equivalents	156,930	279,952	43,028	279,952	43,028		
Amounts receivable from a related party, net	45,021	249,548	38,355	249,548	38,355		
Total current assets	276,166	665,431	102,275	665,431	102,275		
Total assets	281,945	671,565	103,217	671,565	103,217		
Total current liabilities	136,886	432,385	66,456	427,151	65,650		
Total liabilities	136,886	432,845	66,527	427,611	65,721		
Total mezzanine equity	423,999	407,928	62,697	—	—		
Class A ordinary shares (US$0.0001 par value; 346,545,454 shares authorized and 33,818,182 shares issued as of December 31, 2016 and 2017; 16,909,090 and 25,363,636 shares outstanding as of December 31, 2016 and 2017, respectively; and 187,272,728 (unaudited) outstanding on a pro forma basis as of December 31, 2017)	10	15	2	115	18		
Total shareholders' (deficit) equity	(278,940)	(169,208)	(26,007)	243,954	37,496		

Notes:

(1) The summary consolidated balance sheet data as of December 31, 2017 are presented on a pro forma basis to reflect (i) the automatic conversion of 84,545,455 outstanding class B ordinary shares into class A ordinary shares and 18,181,818 series A preferred shares into class ordinary shares, (ii) the vesting and automatic conversion of 8,454,546 unvested class A ordinary shares granted to certain management members into class A ordinary shares, and (iii) the vesting of 16,909,091 class B ordinary shares and automatic conversion of 50,727,273 class ordinary shares into class A ordinary shares, on a one-for-one basis upon completion of this offering;

(2) The summary consolidated balance sheet data as of December 31, 2017 are presented on a pro forma as adjusted basis to reflect (i) the automatic conversion of 84,545,455 outstanding class B ordinary shares into class A ordinary shares and 18,181,818 series A preferred shares into 18,181,818 class A ordinary shares, (ii) the vesting and automatic conversion of 8,454,546 unvested class A ordinary shares granted to certain management members into class A ordinary shares, (iii) the vesting of 16,909,091 class B ordinary shares and automatic conversion of 50,727,273 class B ordinary shares into class A ordinary shares, on a one-for-one basis upon completion of this offering, and (vi) the sale of [Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US$[ ] per ADS, the mid-point the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise their over-allotment option.

The following table presents our summary consolidated cash flow data for the years ended December 31, 2016 and 2017.

	As of December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands)		
Summary Consolidated Cash Flow Data:			
Net cash provided by operating activities	15,499	123,906	19,044
Net cash used in investing activities	(1,609)	(1,234)	(190)
Net cash provided by financing activities	12,999	2,671	411
Effect of exchange rate changes on cash and cash equivalents	2,913	(2,321)	(357)
Net increase in cash and cash equivalents	29,802	123,022	18,908
Cash and cash equivalents at beginning of the year	127,128	156,930	24,120
Cash and cash equivalents at end of the year	156,930	279,952	43,028

The following table sets forth the breakdown of our net revenues by business line both as an absolute amount and as a proportion of net revenues for the periods indicated.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues:					
IoT-enabled smart home products	273,282	87.4	712,317	109,480	81.6
Smart water purification systems	250,442	80.1	570,784	87,728	65.4
Smart kitchen products	—	—	50,656	7,786	5.8
Other smart products	22,840	7.3	90,877	13,966	10.4
Consumable products	19,376	6.2	87,500	13,449	10.0
Value-added businesses[(1)]	19,916	6.4	73,402	11,281	8.4
Total	**312,574**	**100.0**	**873,219**	**134,210**	**100.0**

Note:

(1) Including sales of other products and rendering of services. See footnote (9) to the Consolidated Financial Statements for more details.

The following table presents our gross profit and gross profit margin by business line for the years ended December 31, 2016 and 2017.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Gross profit and gross profit margin:					
IoT-enabled smart home products	66,603	24.4	212,578	32,673	29.8
Smart water purification systems	58,594	23.4	170,996	26,282	30.0
Smart kitchen products	—	—	15,669	2,408	30.9
Other smart products	8,009	35.1	25,913	3,983	28.5
Consumable products	8,732	45.1	39,377	6,052	45.0
Value-added businesses	4,695	23.6	23,228	3,570	31.6
Total	**80,030**	**25.6**	**275,183**	**42,295**	**51.5**

The following table presents certain of our operating data for the periods or as of the dates indicated.

	As of December 31,		As of March 31,
	2016	2017	2018
Selected Operating Data:			
Household users[(1)]	348,084	894,078	1,034,707

	For the Year Ended December 31,		For the Three Months Ended March 31,
	2016	2017	2018
IoT products shipped[(2)]	382,479	1,194,659	409,665

Notes:

(1) Represents the number of households where at least one of our IoT products was connected to the internet as of the respective dates.

(2) Represents the volume of IoT products sold within the respective time periods.

RISK FACTORS

An investment in our ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

We operate in highly competitive markets, and the scale and resources of some of our competitors may allow them to compete more effectively than we can, which could result in a loss of our market share and a decrease in our net revenues and profitability.

We have developed a Home OS platform consisting of an ecosystem of IoT-enabled smart home products, complementary consumable products and value-added businesses. We face intense competition from other smart home solution providers, internet companies, and traditional home appliances companies. We also face regional competition from local brands in the various geographies where our products are sold. We compete in various aspects, including brand recognition, value for money, user experience, breadth of product and service offerings, product functionality and quality, sales and distribution, supply chain management, customer loyalty, and talents, among others. Intensified competition may result in pricing pressures and reduced profitability and may impede our ability to achieve sustainable growth in our revenues or cause us to lose market share. Our competitors may also engage in aggressive and negative marketing or public relations strategies which may harm our reputation and increase our marketing expenses. Any of these results could substantially harm our results of operations.

Some of our existing and potential competitors enjoy substantial competitive advantages, including: longer operating history, the capability to leverage their sales efforts and marketing expenditures across a broader portfolio of products, more established relationships with a larger number of suppliers, contract manufacturers and channel partners, access to larger and broader user bases, greater brand recognition, greater financial, research and development, marketing, distribution and other resources, more resources to make investments and acquisitions, larger intellectual property portfolios, and the ability to bundle competitive offerings with other products and services. We cannot assure you that we will compete with them successfully.

As we continue to grow, we may not be able to effectively manage our growth and the increased complexity of our business, which could negatively impact our brand and financial performance.

Since our founding in May 2014, we have experienced rapid growth. Continued growth of our business requires us to expand our product portfolio, strengthen our brand recognition, expand and enhance our sales channels, better manage our supply chain, upgrade our information systems and technologies, secure more space for our expanding workforce, and devote other resources to our business expansions, among others. As we continue to grow, managing our business will become more complicated as we develop a wider product and service mix, some of which we may have less experience in. In addition, as we increase our product and service offerings, we will need to work with a larger number of business partners and maintain and expand mutually beneficial relationships with our existing and new business partners.

We cannot assure you that we will be able to effectively manage our growth, that our current personnel, infrastructure, systems, procedures and controls or any measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

We have experienced certain operating difficulties in the past in ramping up certain of our contract manufacturers' production in a timely manner to meet the increasing demand and purchase orders from our customers. As we continue to expand, we may experience similar difficulties if we are unable to manage our growth, which may adversely affect our reputation and results of operations.

We have a limited operating history, which makes it difficult to evaluate our future prospects.

We were established in May 2014 and launched our first product in 2015. As we only have a limited history of operating our business at its current scale, it is difficult to evaluate our future prospects, including our ability to plan for our future growth. Our limited operating experience, substantial uncertainty concerning how the IoT-enabled smart home market in China may develop, and other economic factors beyond our control, may reduce our ability to accurately forecast our quarterly or annual revenues. As such, any predictions about our future revenues and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more developed and predictable market.

Xiaomi is our strategic partner and our most important customer. Any deterioration of our relationship with Xiaomi could have a material adverse effect on our operating results.

Xiaomi is our strategic partner and our most important customer. We sell a wide range of products to Xiaomi, including Xiaomi-branded water purification systems, water purifier filters, as well as other complementary products such as kettles and water quality meters. We recorded RMB299.8 million and RMB739.5 million (US$113.7 million) in net revenues from sales to Xiaomi in 2016 and 2017, respectively, which represented 95.9% and 84.7% of our total net revenues during such periods respectively. We recover all our production costs when we sell our products to Xiaomi, and are additionally entitled to a portion of the respective gross profit when Xiaomi sells these products to end-users. Various reasons may lead to Xiaomi's failure to sell these products, many of which are not within our control, including those related to Xiaomi but unrelated to the products we produced and risks that we could not preempt or prevent with commercially reasonable efforts.

The sales of our products to Xiaomi are governed by a business cooperation agreement, which will be automatically renewed upon the expiration of the current term in August 2018, unless objected by a party at least 30 days prior to the expiration date. We also sell our own Viomi-branded products through Xiaomi's e-commerce platform, *Youpin.mi.com*, directly to consumers, pursuant to a commission sales agreement with Xiaomi, which will expire on December 31, 2018 with no automatic renewal provision. We will initiate good faith negotiations with Xiaomi to renew the agreement near the end of the term. In the past, we successfully replaced a commission sales agreement with Xiaomi for sales through the predecessor of *Youpin.mi.com* that expired on December 31, 2017 with the current Youpin commission sales agreement. However, we cannot assure you that we will be able to renew the business cooperation agreement or the commission sales agreement, or on the same or more favorable terms. In addition, both agreements are subject to early termination by Xiaomi under certain circumstances. For more details of the agreements with Xiaomi, including conditions for early termination, please see the section titled "Related Party Transactions—Our Relationship with Xiaomi." If, for any reason, we cannot maintain our cooperation relationship with Xiaomi or Xiaomi significantly reduces or ceases purchases from us, our business and results of operations may be materially and adversely affected.

Furthermore, Xiaomi sells a broad spectrum of electronic products, including our Xiaomi-branded and our self-branded products, as well as products unrelated to us through its various sales channels. We cannot assure you that our products can always receive the same level of attention and promotion efforts from Xiaomi thus far. If Xiaomi dedicates less resources to promoting and selling our products or introduces products that compete with ours, our net revenues may decrease as well. Negative publicity related to Xiaomi, including products offered by Xiaomi unrelated to us, the celebrities Xiaomi are associated with, or even the labor policies or environmental issues of any of Xiaomi's suppliers or

manufacturers, may also have a material adverse effect on the sales of our products and public recognition of our brand.

Xiaomi is also a shareholder of our Company. Xiaomi is a public company listed on the Stock Exchange of Hong Kong. When exercising its rights as our shareholder, Xiaomi may take into account not only the interests of our Company and our other shareholders but also its own interests, the interests of its public shareholders and the interests of its other affiliates. The interests of our Company and our other shareholders may at times conflict with the interests of Xiaomi and its public shareholders and other affiliates. Such conflicts may result in losing business opportunities for us, including opportunities to enter into lines of business that may overlap with those pursued by Xiaomi or the companies within its ecosystem. Currently, we do not have any formal processes to address such conflicts.

Our future success depends on our ability to promote our brand and protect our reputation. Our failure to establish and promote our brand and any damage to our reputation will hinder our growth.

We utilize a number of marketing initiatives to promote our brand. For example, we have engaged a popular Chinese celebrity (Ms. Mi Yang) as our brand ambassador. We have sponsored popular TV shows in China such as *Negotiator*, *Who's the Detective*, and *Come Sing With Me*, to help display and demonstrate our IoT products. We also actively participate in a variety of online and offline marketing events, such as the "Singles' Day" and "Double Twelve" shopping festivals. We believe our strategy to enhance our brand recognition is crucial to our future success. We have invested, and will need to continue to dedicate, significant time, efforts and resources to advertising and market promotion initiatives. Our sales and marketing expenses were RMB95.3 million (US$14.6 million) in 2017, representing 10.9% of our net revenues, a substantial increase from 2016. We may need to devote an even greater portion of our resources to continue to strengthen our brand recognition and build our user base, which may impact our profitability. We cannot guarantee that our marketing efforts will ultimately be successful, as it is affected by numerous factors, including the effectiveness of our marketing campaigns, our ability to provide consistent, high quality products and services, consumers' satisfaction with our products, as well as supports and services we provide, among others.

In addition, any negative publicity related to our brand, products, contract manufacturers, suppliers, distribution partners, strategic partners, such as Xiaomi, third-party ecosystem partners, or celebrities we are associated with could have an adverse impact on our brand, which may negatively affect our business and results of operations.

If we fail to successfully develop and commercialize new products, services and technologies that are well received by consumers in a timely manner, our operating results may be materially and adversely affected.

Our ability to compete successfully depends in large part on our ability to continue to introduce new and innovative products, services and technologies that are well received by consumers and in a timely manner.

Our ability to roll out new and innovative products and services depends on a number of factors, including significant investments in research and development, quality control of our products and services and effective management of our supply chain. The execution of such initiatives can be complex and costly. As such, we could experience delays in completing the development and introduction of new products, services and technologies in the future. We may need to devote an even greater portion of our resources to the research and development of new or enhanced products, services and technologies, which may adversely affect our profitability. In addition, our research and development efforts may not yield the benefits we expect to achieve in a timely manner, or at all. To the extent we are unable to execute our strategy of continuously introducing new and innovative products, diversifying our product portfolio and satisfying consumers' changing preferences, our competitive position and results of operations may be adversely affected.

Our expansion into new product categories and scenarios, and substantial increases in product lines may expose us to new challenges and more risks.

We strive to continue to expand and diversify our IoT-enabled smart home product offerings to cover additional scenarios in the home environment. Expanding into new product categories and scenarios and substantially increasing our product lines involve new risks and challenges. Our potential lack of familiarity with new products and scenarios and the lack of relevant customer data relating to these products may make it more difficult for us to anticipate user demand and preferences. We may misjudge market demand, resulting in inventory buildup and possible inventory write-downs. We may not be able to effectively control our costs and expenses in rolling out these new product categories and scenarios. We may have certain quality issues and experience higher return rates on new products, receive more customer complaints and face costly product liability claims, such as injury allegedly or actually caused by our products, which would harm our brand and reputation as well as our financial performance.

Furthermore, we may need to price our new products more aggressively to penetrate new markets, and gain market share or remain competitive. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations.

We operate in the emerging and evolving IoT-enabled smart home products market in China, which may develop more slowly or differently than we expect. If the IoT-enabled smart home products market does not grow as we expect, or if we cannot expand our products and services to meet consumer demands, our results of operations may be materially and adversely affected.

The IoT-enabled smart home products market in China has experienced rapid growth in recent years. However, the growth rate may decrease due to uncertainties with respect to China's macro-economy, disposable income growth, the acceptance of IoT technology and products, and pace of development of technologies and other factors. Furthermore, the IoT-enabled smart home products market is constantly evolving, and it is uncertain whether our products and services will achieve and sustain high levels of demand and market acceptance. Our ability to expand the sales of our IoT products to a broader consumer base depends on several factors, including Chinese consumers' receptiveness towards and adoption of smart home AI and IoT technology, the market awareness of our brand, the timely introduction and market acceptance of our products and services, the network effects of our products and services, our ability to attract, retain and effectively train sales and marketing personnel, the effectiveness of our marketing programs, our ability to develop effective relationships with distribution partners and expand our network of offline experience stores, the cost and functionality of our products and services and the success of our competitors. If we are unsuccessful in developing and marketing our IoT products to consumers, or if these consumers do not perceive or value the benefits of our holistic IoT @ Home approach, the market for our products and services may not continue to develop or may develop more slowly than we expect, either of which would adversely affect our profitability and growth prospects.

If our user engagement ceases to grow or declines, our business and operating results may be materially and adversely affected.

User engagement is important to our business model, as we utilize the data generated through users' interaction with our products to enhance algorithms and data analytics capabilities of our software so as to deliver a better user experience. In addition, our value-added businesses ecosystem and the virtuous cycle that we anticipate it to create depend heavily on the level of user engagement with the products and services provided by us.

Many factors may prevent users from continually engaging and habitually using our products, including:

- technical glitches may occur, which may prevent our products and services from operating in a smooth and reliable manner, and hence adversely affect user experience;
- we may be unable to identify and meet evolving user demands and preferences;
- we may not successfully develop functionalities that could further enhance user engagement and generate recurring revenues, or the new or updated products and services we introduce may not be favorably received by users;
- we may not be able to continue to successfully drive organic growth of users through word-of-mouth referrals, which may cause the growth of our user base to slow down or stall or require us to increase our promotion and advertising spending or devote additional resources to acquire users;
- we may be unable to prevent or combat inappropriate use of our products and services, which may lead to negative public perception of us and damage our brand or reputation;
- our competitors may launch or develop similar or disruptive products and services with better user experience, which may result in a loss of existing users or declines in new user growth;
- we may fail to address user concerns related to privacy and communication, data safety or security, and as a result, users may be deferred from using our products and services in scenarios that we hope to capture; and
- we may be compelled to modify our products and services to address requirements imposed by legislation, regulations, government policies or requests from government authorities in manners that may compromise user experience or make our products less affordable.

If we are unable to adapt to technological changes and implement technological enhancements to our products and services, our ability to remain competitive could be adversely affected.

The IoT-enabled smart home products market is characterized by rapid technological changes, frequent introductions of new products and evolving industry standards. However, product development often requires significant lead-time and upfront investment. Our ability to attract new consumers and increase revenues from existing consumers will depend significantly on our ability to accurately anticipate changes in industry standards and to continue to appropriately fund development efforts to enhance our existing products and services or introduce new products and services in a timely manner to keep pace with technological developments. For example, voice- and gesture-control and facial- and image-recognition are important features of our Home OS platform, and the technologies supporting them have been rapidly developing. If any of our competitors implement new technologies before us, those competitors may be able to provide products that are more effective or with more user-friendly features than ours, possibly at lower prices, which could adversely impact our sales and impact our market share. In addition, any delay or failure in our introduction of new or enhanced products and services could harm our business, results of operations and financial condition.

We are susceptible to supply shortages and interruptions, long lead times, and price fluctuations for raw materials and components, any of which could disrupt our supply chain and have a material adverse impact on our results of operations.

Our product portfolio includes various product categories and product lines. Mass production of our products requires timely and adequate supply of various types of raw materials and components. All of the components and raw materials used to produce our products are sourced from third-party suppliers, and some of these components and raw materials are sourced from a limited number of suppliers or a single supplier. Therefore, we are subject to risks of shortages or discontinuation in supply, long lead times, cost increases and quality control issues with our suppliers. In addition, some of our suppliers may have more established relationships with our competitors, and as a result of these relationships, such suppliers may

choose to limit or terminate their relationships with us or prioritize our competitors' orders in the case of supply shortages.

In the event of a component or raw material shortage or supply interruption from suppliers, we will need to identify alternative sources of supply, which can be time-consuming, difficult to locate, and costly. We may not be able to source these components or raw materials on terms that are acceptable to us, or at all, which may undermine our ability to meet our production requirements or to fill customer orders in a timely manner. This could cause delays in shipment of our products, harm our relationships with our customers, network partners and other business partners, and adversely affect our results of operations.

Moreover, the market prices for certain raw materials have been volatile. For example, we have experienced significant increases in the market prices for certain material raw materials used in manufacturing refrigerators recently, and we may not be able to recover these costs through selling price increases to our customers, which would have a negative effect on our financial results.

We rely on certain contract manufacturers to produce a substantial majority of our products. If we encounter issues with them, our business and results of operations could be materially and adversely affected.

We rely on certain contract manufacturers to produce a substantial majority of our products. We may experience operational difficulties with our contract manufacturers, including reductions in the availability of production capacity, failure to comply with product specifications, insufficient quality control, failure to meet production deadlines, increases in manufacturing costs and longer lead times. Our contract manufacturers may experience disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, violation of environmental, health or safety laws and regulations, or other problems. We may be unable to pass the cost increases to our customers. We may have disputes with our contract manufacturers, which may result in litigation expenses, divert our management's attention and cause supply shortages to us. In addition, we may not be able to renew contracts with our contract manufacturers for our existing products or identify contract manufacturers who are capable of producing new products we target to launch in the future.

While we have constant access to each manufacturing facility of our contract manufacturers, and have quality control teams to continually monitor the manufacturing processes at our contract manufacturers' facilities, any failure of such partners to perform may have a material negative impact on our cost or supply of finished goods. In addition, if such failure affects our supplies to Xiaomi, our relationship with Xiaomi may be adversely affected.

Furthermore, although our agreements with our contract manufacturers contain confidential obligations, and we have adopted security protocols to ensure knowhow and technologies for manufacturing our products could not be easily leaked or plagiarized, we cannot guarantee the effectiveness of these efforts and, any leakage or plagiary of our knowhow and technologies could be detrimental to our business prospects and results of operations.

Our business may be adversely impacted by product defects.

Product defects can occur throughout the product development, design and manufacturing processes or as a result of our reliance on third parties for components, raw materials, and manufacturing. Any product defects or any other failure of our products or substandard product quality could harm our reputation and result in adverse publicity, lost revenues, delivery delays, product recalls, relationships with our network partners and other business partners, product liability claims, administrative penalties, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, financial condition, operating results and prospects. While we maintain a reserve for product warranty costs based on certain estimates and our knowledge of current events and

actions, our actual warranty costs may exceed our reserve, resulting in current period expenses and a need to increase our reserve for warranty costs.

Moreover, since our products combine hardware and software, any glitches in the software may intervene and disrupt our efforts to integrate our products in consumers' lifestyles. We rely on the connectivity and network effects of our products and services to attract consumers to expand their collection of our products, which we believe will reinforce a positive smart home experience. Any failure or defects that a consumer experiences in one product, however, may prevent this connectivity or network effect from being realized. As a result, we may be prevented from providing holistic IoT @ Home solutions to our customers and our business prospectus, results of operations and financial condition could be adversely affected.

We are exposed to potential liabilities arising from the products we sell, and costs related to defective products could have a material adverse impact on us.

Disputes over warranties of our products can arise in the ordinary course of our business. In extreme situations, we may be exposed to various liabilities relating to potential personal injuries as a result of misuse or quality defects of the products we sell. We may experience material product liability losses, and we may be unable to defend these claims at a contained level of cost or at all. Although we have product liability insurance, we cannot assure you that our insurance coverage will be sufficient or that we will be able to obtain sufficient coverage at an acceptable cost in the future. A successful claim brought against us in excess of our available insurance coverage may have a material adverse effect on our business, results of operations and financial condition. Although we historically had insignificant volumes of product replacements or product returns, the cost of product replacements or product returns in the future may be substantial, particularly given our increasing product categories and models, and we could incur substantial costs to implement modifications to fix defects in our products.

Our consumers may experience service failures or interruptions due to defects in the software, infrastructure, components or processes that compromise our products and services, or due to errors in product installation, any of which could harm our business.

Our products and services may contain undetected defects in the software, infrastructure, components or processes. Sophisticated software and applications, such as those offered by us, often contain "bugs" that can unexpectedly interfere with the software and applications' intended operations. Our internet services may from time to time experience outages, service slowdowns or errors. Defects may also occur in components or processes used in our products or for our services. There can be no assurance that we will be able to detect and fix all defects in the hardware, software and services we offer. Failure to do so could result in decreases in sales of our products and services, lost revenues, significant warranty and other expenses, decreases in customer confidence and loyalty, lost market share to our competitors, and harm to our reputation.

Our delivery, return and exchange policies may adversely affect our results of operations.

We have adopted shipping policies that do not necessarily pass the full cost of shipping onto our customers. We also have adopted customer-friendly return and exchange policies that make it convenient and easy for customers to change their minds within seven days after completing direct online purchases from us. We may also be required by law to adopt new or amend existing return and exchange policies from time to time. These policies improve users' shopping experience and promote customer loyalty, which in turn help us acquire and retain users. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenues. If our delivery, return and exchange policies are misused by a significant number of customers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our

costs and expenses, our users may be dissatisfied, which may result in loss of existing users or failure to acquire new users at a desirable pace, which may materially and adversely affect our results of operations.

Our operating results could be materially harmed if we are unable to accurately forecast consumer demand for our products or manage our inventory.

To ensure adequate supply for our products, we must forecast consumer demand for our products, including Xiaomi's demand. Our ability to accurately forecast demand for our products could be affected by many factors, including changes in consumer perception of our products or our competitors', sales promotions by us or our competitors, our sales channel inventory levels, and unanticipated changes in general market and economic conditions, among others.

We manage our inventory by constantly monitoring and tracking our current inventory levels, while keeping a small portion of reserve stock, based on our forecast customer demand. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. For example, our inventory level could increase in the fourth quarter as we prepare for large online sales promotion events, and it would be difficult for us to forecast the sales that we may achieve in those events. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which may cause our gross margin to suffer and could impair the strength of our brand. On the other hand, in the case we experience shortage of products, we may be unable to meet the demand for our products, and our business and operating results could be adversely affected. We have experienced inventory shortage of popular products in the past. Such arrangement may lead to loss of consumer confidence and further uncertainty with respect to our inventory level.

As market competition for products similar to ours intensifies, we expect that it will become more difficult to forecast demand. In addition, as we continue to introduce new product and services and expand our products portfolio, we may face increasing challenges managing the production plan and appropriate inventory levels for our product portfolio.

Our efforts to manage and expand our customer base and sales channels may not be successful.

We sell our products via multiple online and offline sales channels, including sales to Xiaomi and other online sales channels and through online direct sales, together with a network of Viomi offline experience stores. Historically, we heavily relied on Xiaomi's platform to distribute certain of our products. In 2016 and 2017, we generated a substantial portion of our net revenues from sales to Xiaomi of Xiaomi-branded smart water purification systems.

Although we have devoted significant resources to expanding and diversifying our customer base and sales channels, we can not assure you that such efforts would succeed. For example, we typically enter into one-year non-exclusive sales agreements with our third-party online sales partners, and we receive orders from them on a regular basis. Our current agreements with third-party online sales generally do not prohibit them from working with our competitors or from selling competing products. Our competitors may be more effective in providing incentives to our third-party online sales to favor our competitors' products and promote their sales. Pursuing, establishing and maintaining relationships with our online sales partners requires significant time and resources. We cannot assure you that we will be able to renew those agreements upon their expiry on commercially acceptable terms, or at all.

In addition, we have been adding offline experience stores and cooperating with more network partners. With the increased scale of operations, we will be required to invest additional resources in managing our network partners, and hence we may not be able to expand as fast or as successfully as we expect. In addition, our sales network management systems may not be effective.

We face risks associated with our network partners and their personnel for our network of Viomi offline experience stores.

We rely on third-party network partners to operate our network of Viomi offline experience stores. We rely on these network partners to directly interact with and serve end customers, but the interest of a network partner may not be entirely aligned with ours. We set standards of practice of our network partners and provide incentives and periodic evaluation. However, our control over the network partners may not be as effective as if we directly owned and operated these offline experience stores.

Our network partners carry out a significant amount of direct interactions with end users of our products, and their performance directly affects our brand image. However, we do not directly supervise their interactions or services provided. Although we have established and distributed service standards across our network and provide extensive ongoing training to our third-party network partners, we may not be able to successfully monitor, maintain and improve the services they provide. We may experience service disruptions, customer complaints and reduced sales, and our reputation may be materially and adversely affected if end users of our products are unsatisfied with our network partners' performance.

Our offline experience stores may not be successful due to factors beyond our control, such as underperformance of the stores or adverse market conditions. We may also have disputes with our network partners. Suspension or termination of a network partner's services in a particular area may cause interruption to or failure in our services in the corresponding area. We may not be able to promptly replace our network partners or find alternative ways to provide services in a timely, reliable and cost-effective manner, or at all. Any service disruptions associated with our network partners could result in our customer satisfaction, reputation, operations and financial performance being materially and adversely affected.

If we fail to expand or maintain the pool of our ecosystem partners, our net revenues growth may be adversely affected and the number of application scenarios of our products may not grow as quickly as we expect, or at all, which may reduce the attractiveness of our products. Any underperformance of or negative publicity about our ecosystem partners may also adversely affect our operating results.

Various of our IoT products allow users to directly purchase and order products from us and our ecosystem partners. We have been actively seeking ecosystem partners on this front to expand our offerings and potentially create additional revenues streams for us. If we fail to expand and maintain the pool of our ecosystem partners, the ecosystem that we strive to establish may not succeed, which in turn may affect the willingness of consumers to purchase our products, and in turn increase the difficulty for us to attract suitable ecosystem partners.

In addition, as we associate ourselves with these ecosystem partners in providing services, any negative publicity on them may also have adverse impact on our own reputation and results of operations. Furthermore, although products that these ecosystem partners offer are not our products, customers may still associate us with any dissatisfaction with the products and services offered by our ecosystem partners. Moreover, we may be subject to litigation or potential sanctions under PRC law if we were to negligently participate or assist in infringement activities associated with counterfeit or defective goods.

We depend on third party service providers for logistics and aftersales services.

We outsource all of our transportation and logistics services, as well as installation and after-sale services, for our products to third-party service providers. We rely on these outsourcing partners to bring our products to our customers and in some cases, install them for our customers, and provide after-sale services. While these arrangements allow us to focus on our main business, they also reduce our direct control over the logistics and aftersales services provided to our customers. Any failure of our logistics partners to perform may have a material negative impact on the timely delivery of our products and customer satisfaction. In addition, logistics in our primary locations or transit to final destinations may be

disrupted for a variety of reasons including, natural and man-made disasters, information technology system failures, commercial disputes, military actions or economic, business, labor, environmental, public health, or political issues. We may also be unable to pass any increase in logistics costs to our customers. Errors that occur in product installation or product maintenance processes can compromise our products and services, adversely affect customer experience, and harm our business.

An economic downturn may adversely affect consumer discretionary spending and demand for our products and service.

Our products and services may be considered discretionary items for consumers. Factors affecting the level of consumer spending for such discretionary items include general economic conditions and other factors, such as consumer confidence in future economic conditions, consumer sentiment, the availability and cost of consumer credit, levels of unemployment, and tax rates. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Our sensitivity to economic cycles and any related fluctuation in consumer demand for our products and services may have an adverse effect on our operating results and financial condition.

Any significant cybersecurity incident or disruption of our information technology systems or those of third-party partners could materially damage our user relationships and subject us to significant reputational, financial, legal and operational consequences.

We depend on our information technology systems, as well as those of third parties, to develop new products and services, operate our platform, host and manage our services, store data, process transactions, respond to user inquiries, and manage inventory and our supply chain. Any material disruption or slowdown of our systems or those of third parties whom we depend upon, including a disruption or slowdown caused by our failure to successfully manage significant increases in user volume, could cause outages or delays in our services, which could harm our brand and adversely affect our operating results.

We rely on cloud servers maintained by KSYUN and Alibaba Cloud Services to store our data. Problems with our cloud service providers or the telecommunications network providers with whom they contract could adversely affect the experience of our users. Our cloud service providers could decide to cease providing us with services without adequate prior notice. Any change in service levels at our cloud servers or any errors, defects, disruptions, or other performance problems with our platform could harm our brand and may damage the data of our users. If changes in technology cause our information systems, or those of third parties whom we depend upon, to become obsolete, or if our or their information systems are inadequate to handle our growth, we could lose users and our business and operating results could be adversely affected.

Due to the ever-changing cyber threat landscape, our products may be subject to potential vulnerabilities of IoT products, and our services may be subject to certain risks, including hacking or other unauthorized access to control or view systems and obtain private information.

Companies that collect and retain sensitive and confidential information are under increasing attack by cyber-criminals around the world. IoT products, being connected to the internet, are particularly vulnerable to cyberattack. While we implement security measures within our products, services, operations and systems, those measures may not prevent cybersecurity breaches, the access, capture or alteration of information by criminals, the exposure or exploitation of potential security vulnerabilities, distributed denial of service attacks, the installation of malware or ransomware, acts of vandalism, computer viruses, misplaced data or data loss that could disrupt the function of our products or services, and be detrimental to our reputation, business, financial condition, and results of operations.

Third parties, including distribution partners, ecosystem partners and our other business partners, could also be a source of security risk to us in the event of a failure of their own products, components, networks, security systems, and infrastructure. In addition, we cannot be certain that advances in criminal capabilities, new discoveries in the field of cryptography, or other developments will not compromise or breach the technology protecting the networks that access our products and services. A significant actual or perceived (whether or not valid) theft, loss, fraudulent use or misuse of customer, employee, or other data, whether by us, our business partners, or other third parties, or as a result of employee error or negligence or otherwise, non-compliance with applicable industry standards or our contractual or other legal obligations regarding such data, or a violation of our privacy and information security policies with respect to such data, could result in costs, fines, litigation, or regulatory actions against us. Such an event could additionally result in unfavorable publicity and therefore materially and adversely affect the market's perception of the security and reliability of our services and our credibility and reputation with our customers, which may lead to customer dissatisfaction and could result in lost sales and increased customer revenues attrition.

We collect, store, process and use a variety of user data and information, which subjects us to governmental regulations and other legal obligations related to privacy, information security, and data protection, and any security breaches, and our actual or perceived failure to comply with our legal obligations could harm our brand and business.

Exploring growth opportunities by expanding our user base is one of our key strategies. Due to the volume and sensitivity of the information and data of our users we collect and manage and the nature of our products, the security features of our website, Viomi Store mobile app, e-commerce platform, Home OS platform, and information systems are critical to our success. We have adopted security policies and measures, including encryption technology, to protect our proprietary data and user information. However, our website, Viomi Store mobile app, e-commerce platform, Home OS platform and information systems may be targets of attacks, such as viruses, malware or phishing attempts by cyber criminals or other wrongdoers seeking to steal our user data for financial gain or to harm our business operations or reputation. The loss, misuse or compromise of such information may result in costly investigations, remediation efforts and notification to affected users. If such content is accessed by unauthorized third parties or deleted inadvertently by us or third parties, our brand and reputation and our sales could be adversely affected. Cyber-attacks could also adversely affect our operating results, consume internal resources, and result in litigation or potential liability for us and otherwise harm our business.

In addition, according to our business cooperation agreement with Xiaomi, both Xiaomi and us can collect and use user data of all products we develop and sell to Xiaomi. Consequently, any leak or abuse of user data by Xiaomi may be perceived by consumers as a result of the compromise of our information security system. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information or other customer data, could cause our users to lose trust in us and could expose us to legal claims.

A growing number of legislative and regulatory bodies have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of data. Those breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another, which might become a particular concern as we accelerate our international expansion. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises user data. Any failure to comply with applicable regulations, whether by us, our business partners, or other third parties, or as a result of employee error or negligence or otherwise, could result in regulatory enforcement actions against us, harm to our reputation and even our business partners to cease cooperation with us.

Our intellectual property and proprietary rights may not adequately protect our products, and our business may suffer if third parties infringe our intellectual property and proprietary rights.

We may not have sufficient intellectual property rights in all countries and regions where unauthorized third-party copying or use of our proprietary technology may occur and the scope of our intellectual property might be more limited in certain countries and regions. As of the date of this prospectus, we have over 680 patents registered with the State Intellectual Property Office of China and over 500 pending patent applications in China. Globally, we have over 30 patents registered and over 70 pending patent applications in various overseas countries and jurisdictions as of the date of this prospectus. However, our existing and future patents may not be sufficient to protect our products, services, technologies or designs and/or may not prevent others from developing competing products, services, technologies or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty. Litigation may be necessary to enforce our intellectual property rights. Initiating infringement proceedings against third parties can be expensive and time-consuming, and divert management's attention from other business concerns. We may not prevail in litigation to enforce our intellectual property against unauthorized use.

According to our business cooperation agreement with Xiaomi, Xiaomi and we have joint ownership over all technology properties (other than industrial designs) and related intellectual properties generated from the process of design, development, manufacturing and sales of Xiaomi-branded products and certain of our self-branded products we supply to Xiaomi. As of the date of this prospectus, around 150 of our registered patents and around 50 pending patent applications are jointly owned by Xiaomi and us among our registered patents and pending patent registrations. We believe we have properly filed or registered those patents we jointly own with Xiaomi. Nevertheless, we may face claims from Xiaomi for joint ownership of more intellectual properties related to Xiaomi-branded products and certain of our self-branded products we supply to Xiaomi. ln addition, Xiaomi may use these intellectual properties and user data to develop and manufacture competing products on its own and although the business cooperation agreement forbids the parties to license any third party to use the jointly owned intellectual properties without prior consent of the other party, we cannot ensure the compliance of Xiaomi with such agreement.

Under a license agreement effective from June 24, 2018, we have obtained an exclusive and royalty-free right to use 11 patents owned by our founder and CEO Mr. Xiaoping Chen. If, for any reason, we are no longer able to use such patents or are charged significant fees for the use, our business and results of operations could be adversely affected.

We may encounter claims alleging our infringment of third-party's intellectual properties from time to time.

We may encounter claims from time to time relating to our use of intellectual properties of third parties, and we may not prevail in those disputes. We have adopted policies and procedures to prohibit our contract manufacturers from infringing third-party copyright or other intellectual property rights. However, we cannot ensure that they will strictly comply with our policy. In addition, any misconduct of our employees could also result in us infringing third-party intellectual property rights. Therefore liabilities and expenses may be incurred in respect of the unauthorized use of third parties' intellectual properties or defending against relevant claims. We have been involved in claims against us alleging our infringement of third-party intellectual property rights and we may be subject to further claims in the future. Any such intellectual property infringement claim could result in costly litigation and divert our management attention and resources. If we are found to have infringed intellectual property rights of third parties, we may be subject to monetary damages and may be required to cease production and sales of the relevant products. As a result, our reputation could be harmed and our results of operations could be materially and adversely affected.

We rely on technology that we license from third parties, including artificial intelligence, that is integrated with our internally developed algorithms, software, or products.

We rely on technology that we license from third parties. For example, for our voice recognition technologies, we have incorporated speech synthesis engine and Q&A components provided by iFLYTEK. We cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products. If we are unable to continue to license those technologies on commercially reasonable terms, we will face delays in releases of new products or functions or we will be required to delete this functionality from our products until equivalent, non-infringing technology can be licensed or developed and integrated into our current products. This effort could take significant time (during which we would be unable to continue to offer our affected products or services) and expenses and may ultimately not be successful.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

A portion of the technologies we use incorporates open source software, and we may incorporate open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. These licenses may subject us to certain unfavorable conditions, including requirements that we offer our products and services that incorporate the open source software for no cost, that we make publicly available source code for modifications or derivative works we create based upon, incorporating, or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license.

Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose or provide at no cost any of our source code that incorporates or is a modification of such licensed software. If an author or any third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we may need to incur significant legal expenses defending against such allegations and could be subject to significant damages and enjoined from the sale of our products and services that contained the open source software. Any of the foregoing could disrupt the distribution and sale of our products and services and harm our business.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any changes in our pricing policy, marketing initiatives or investments we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. The sale of additional equity securities could result in dilution of our existing 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. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

We may engage in acquisition and investment activities, which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our operating results.

As part of our business strategy, we may acquire or make investments in other companies, products, or technologies along our product value chain to complement our business, enhance the features and functionality of our products, and accelerate the expansion of our platform and network of strategic partners. We may not be able to find suitable acquisition or investment candidates and we may not be able

to complete acquisition and investment on favorable terms, if at all. If we do complete acquisition and investment as we expect, we may not ultimately strengthen our competitive position or achieve our goals; and any acquisition and investment we complete could be viewed negatively by users or investors. In addition, if we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company, the revenues and operating results of the combined company could be adversely affected. Acquisitions and investments are inherently risky and may not be successful, and they may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to greater-than-expected liabilities and our expenses, and adversely impact our business, financial condition, operating results, and cash flows.

Our results of operations may be subject to seasonality.

Our operating results may vary significantly from period to period due to many factors, including seasonal factors that may have an effect on the demand for our IoT products. While seasonality has not been particularly prevalent in our historical results of operations due to the rapid growth of our business, we generally expect to experience higher sales in the fourth quarter, primarily attributable to the major shopping festivals across online e-commerce platforms such as "Singles' Day" and "Double Twelve," which are highly popular among Chinese consumers. Given the impact of this seasonality, our quarterly results of operation and financial position at the end of a particular quarter may not necessarily be representative of the results we expect at year end or other quarters of a year. Our operating results could also suffer if we do not achieve revenues consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenues.

Higher labor costs and increasing raw material prices may adversely affect our business and our profitability.

Labor costs in China have risen in recent years as a result of the enactment of new labor laws and social development. Given that substantially all of our contract manufacturers are currently located in China, rising labor costs in China will increase our personnel expenses. In addition, we have witnessed growing inflation rates in many areas of the world, and particularly in China, where we procure most of our raw materials, which adversely affects our costs of raw materials. We may not be able to pass on rising costs as a result of higher labor costs and increasing raw material prices to end consumers in the form of higher retail sale prices. Accordingly, our profitability may be adversely affected if labor costs and raw material prices continue to rise in the future.

Certain of our directors may have conflicts of interest.

One of our directors, Mr. De Liu, is also a director of Xiaomi. This association may give rise to potential conflicts of interest, especially with regard to our business cooperation with Xiaomi. Directors of our Company are required by law to act honestly and in good faith with a view to the best of our interests and to disclose any interest that they may have in any of our projects or opportunities. In addition, we have adopted a code of ethics and an audit committee charter, both of which will become effective upon the effectiveness of the registration statement to which this prospectus is a part. Our code of ethics provides that an interested director needs to refrain from participating in any discussion among senior officers of our company relating to an interested business and may not be involved in any proposed transaction with such interested business. Furthermore, our audit committee charter provides that most related party transactions must be pre-approved by the audit committee, a majority of which will consist of independent directors upon the effectiveness of the registration statement to which this prospectus is a part. Our audit committee charter, however, exempts the pre-approval requirement for related party transactions that are immaterial to us or not unusual by nature. In the event of such transactions with Xiaomi, Mr. Liu will still be entitled to vote in our board meeting, and we cannot assure you that Mr. Liu's decision will not be impacted by any potential conflict of interest arising from his relationship with Xiaomi.

In connection with the audit of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audit of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting as well as other control deficiencies. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified related to (i) our lack of sufficient resources regarding financial reporting and accounting personnel with understanding of U.S. GAAP, in particular, to address complex U.S. GAAP technical accounting issues, related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, (ii) lack of comprehensive U.S. GAAP accounting policies and financial reporting procedures and (iii) lack of an effective control procedure to track and estimate warranty provision relating to our products sold to ensure accuracy.

Following the identification of the material weaknesses, we have taken measures and plan to continue to take measures to remedy the material weaknesses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control over Financial Reporting." However, the implementation of these measures may not fully address the material weaknesses in our internal control over financial reporting, and we cannot conclude that they have been fully remedied. Our failure to correct the material weaknesses or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2019. In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control

environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods.

We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expense and have dilutive impact to you.

Our shareholders and board of directors have adopted two share incentive plans. Pursuant to these two plans, a total of 30,400,000 ordinary shares underlying the awards may be issued. As of the date of this prospectus, there are 11,240,000 ordinary shares issuable upon exercise of outstanding share options under these two plans at a weighted average price of $0.35 per share. Competition for highly skilled personnel is often intense, and we may incur significant costs or be not successful in attracting, integrating, or retaining qualified personnel to fulfil our current or future needs. We believe the granting of share-based awards is of significant importance to our ability 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. In addition, the granting, vesting and exercise of the awards under these share incentive plans will have dilutive effect on your shareholding in our Company.

Our future success depends, in part, on our ability to continue to attract, motivate and retain highly skilled personnel. In particular, the growth of our ecosystem may require us to hire experienced personnel with a wide range of skills.

We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. The loss of any key personnel, especially our founder, chairman, and chief executive officer Mr. Xiaoping Chen, could be disruptive to our operations and research and development activities, reduce our employee retention and revenues, and impair our ability to compete. In addition, if any of our senior management or key personnel joins a competitor or forms a competing company, we may lose know-how, trade secrets, business partners and key personnel. Furthermore, perspective candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Thus, our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

Although we maintain property insurance, product liability insurance and public liability insurance, we cannot assure you that our insurance coverage is sufficient. In addition, we do not have business disruption insurance or insurance policies covering damages to our IT infrastructure or information technology systems. Any disruptions to our IT infrastructures or systems or other business disruption event could result in substantial cost to us and diversion of our resources.

We face risks related to natural disasters, health epidemics and other acts of god, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics and other acts of god. In recent years, there have been outbreaks of epidemics in China and globally. Our business operations could be

disrupted if one of our employees is suspected of having H1N1 flu, avian flu or another epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general and the IoT-enabled smart home products industry in particular.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our business operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties, or be forced to relinquish our interest in those operations.

Due to PRC restrictions or prohibitions on foreign ownership of internet and other related business in China, we operate our business in China through our consolidated affiliated entities, in which we have no ownership interest. Although our provision of e-commerce services falls within the permitted category according to the Negative List (as defined elsewhere in this prospectus) that took effect on July 28, 2018, foreign investments in this business are still restricted by other qualifications and requirements under related regulations in China. Our WFOE has entered into a series of contractual arrangements with our VIEs, and their respective shareholders, which enable us to (i) exercise effective control over our VIEs, (ii) receive substantially all of the economic benefits of our VIEs, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in our VIEs when and to the extent permitted by PRC law. As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIEs and hence consolidate their financial results into our consolidated financial statements under U.S. GAAP. See "Corporate History and Structure" for further details.

In the opinion of our PRC legal counsel, Han Kun Law Offices, (i) the ownership structure of our VIEs in China and our WFOE, both currently and immediately after giving effect to this offering, are not in violation of applicable PRC laws and regulations currently in effect; and (ii) the contractual arrangements between our WFOE, our VIEs and their shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of applicable PRC laws. However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or our VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- levying fines or confiscating our income or the income of our PRC subsidiary or our VIEs, or imposing other requirements with which we or our VIEs may not be able to comply;
- revoking or suspending the business licenses or operating licenses of our PRC subsidiary or our VIEs;
- discontinuing or placing restrictions or onerous conditions on our operations through any transactions between our WFOE and our VIEs;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIEs and deregistering the equity pledges of our VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIEs;
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China; and

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

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our VIEs in our consolidated financial statements, if the PRC government authorities were to find our legal structure and contractual arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of our VIEs or our right to receive substantially all the economic benefits and residual returns from our VIEs and we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of our VIEs in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations.

We rely on contractual arrangements with our VIEs and their respective shareholders for substantially all of our business operation, which may not be as effective as direct ownership in providing operation control.

We have relied and expect to continue to rely on contractual arrangements with our VIEs and their shareholders to conduct our business. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIEs and their shareholders of their obligations under the contracts to exercise control over our VIEs. However, the shareholders of our consolidated VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portions of our business through the contractual arrangements with our VIEs. If any disputes relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See "—Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business." Therefore, our contractual arrangements with our VIEs and their shareholders may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

We refer to the shareholders of our VIEs as their nominee shareholders because although they remain the holders of equity interests on record in our VIEs, pursuant to the terms of the relevant shareholder voting proxy agreements, each such shareholder has irrevocably authorized any person designated by our WFOE to exercise the rights as a shareholder of the VIEs. However, if our VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For example, if the shareholders of our VIEs refuse to transfer their equity interest in our VIEs to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they otherwise act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All of the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See "—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us." Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, which means parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct our business may be negatively affected.

Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the VIE contractual arrangements were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIEs for PRC tax purposes, which could in turn increase its tax liabilities without reducing our WFOE's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIEs' tax liabilities increase or if it is required to pay late payment fees and other penalties.

The shareholders of our VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Shareholders of our VIEs may have potential conflicts of interest with us. For instance, Mr. Xiaoping Chen, our founder, chairman of our board of directors, and chief executive officer, holds 60% of equity interests in both of our VIEs. The remaining 40% is held by affiliates or employees of certain of our principal shareholders, Red Better Limited and Shunwei Talent Limited. Conflicts of interests may arise between their roles in our Company or in our principal shareholders and their positions as nominal shareholders of our VIEs. These shareholders of our VIEs may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise the shareholder will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive

option agreements with these shareholders to request them to transfer all of their equity interests in the VIE to a PRC entity or individual designated by us, to the extent permitted by PRC law. Two nominee shareholders of our VIEs, namely Mr. Xiaoping Chen and Mr. De Liu, are also our directors. We rely on them to abide by the laws of the Cayman Islands, which provide that directors owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIEs, 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.

The shareholders of our VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIEs and the validity or enforceability of our contractual arrangements with our VIEs and their shareholders. For example, in the event that any of the shareholders of our VIEs divorces his or her spouse, the spouse may claim that the equity interest of our VIEs held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or any third party who is not subject to obligations under our contractual arrangements, which could result in a loss of our effective control over the VIEs. Similarly, if any of the equity interests of our VIEs is inherited by a third party on whom the current contractual arrangements are not binding, we could lose our control over the VIEs or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, the spouse of Mr. Chen has executed spousal consent letters, under which she agrees that she will not take any actions or raise any claims to interfere with the performance by her spouse of the obligations under these contractual arrangements, including claiming community property ownership on the equity interest, and renounce any and all right and interest related to the equity interest that she may be entitled to under applicable laws. We cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the event that any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

We may rely on dividends paid by our PRC subsidiary to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiary to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares.

We are a holding company, and we may rely on dividends to be paid by our wholly-owned PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of the ADSs and our ordinary shares and service any debt we may incur. If our wholly owned PRC subsidiary 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, wholly foreign-owned enterprises in the PRC, such as our WFOE, 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 a fund reaches 50% of its registered capital. At the discretion of the board of directors of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of our wholly-owned PRC subsidiary 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.

We may lose the ability to use and enjoy assets held by our VIEs that are material to the operation of certain portion of our business if the VIEs go bankrupt or becomes subject to a dissolution or liquidation proceeding.

Our VIEs and their subsidiaries hold substantially all of our assets, some of which are material to the operation of our business. If our VIEs go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, our VIEs may not, in any manner, sell, transfer, mortgage or dispose of any of their material assets outside the ordinary course of operation or equity interests in the business operation without our prior consent. If our VIEs undergo voluntary or involuntary liquidation proceedings, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

If the chops of our PRC subsidiary and our VIEs are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiary and VIEs are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

Risks Related to Doing Business in China

Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us.

We conduct our business primarily through our PRC subsidiary and consolidated VIEs in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiary is subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. In addition, any new or changes in PRC laws and regulations related to foreign investment in China could affect the business environment and our ability to operate our business in China. For example, the MOFCOM published a discussion draft of the proposed Foreign Investment Law on January 19, 2015, aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. Substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft

Foreign Investment Law may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects. Among other things, the draft Foreign Investment Law purports to introduce the principle of "actual control" in determining whether a company is considered a foreign invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in China but "controlled" by foreign investors will be treated as FIEs, whereas an entity organized in a foreign jurisdiction but cleared by the MOFCOM as "controlled" by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity.

The VIE structure has been adopted by many PRC-based companies, including us, to conduct business in the industries that are currently subject to foreign investment restrictions in China. Under the draft Foreign Investment Law, a VIE that is controlled via contractual arrangements would also be deemed as an FIE, if it is ultimately "controlled" by foreign investors. If the business operation of such VIE falls within the industry catalogue of special management measures, or the Negative List, amended by the Ministry of Commerce and the National Development and Reform Commission in the future, the existing VIE structure may be scrutinized and subject to foreign investment restrictions and approval from the MOFCOM and other supervising authorities such as the MIIT.

However, there are significant uncertainties as to how the control status of our consolidated VIEs would be determined under the enacted version of the Foreign Investment Law. In addition, it is uncertain whether any of the businesses that we currently operate or plan to operate in the future through our consolidated VIEs would be on the Negative List and therefore be subject to any foreign investment restrictions or prohibitions.

In addition, our corporate governance practice may be materially impacted and our compliance costs could increase if we were not considered as ultimately controlled by PRC domestic investors under the Foreign Investment Law, if enacted as currently proposed. For instance, the draft Foreign Investment Law as proposed purports to impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate

governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing since 2012. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.

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-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. 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.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, Cyberspace Administration of China (with the involvement of the State Council Information Office, the MIIT, and the Ministry of Public Security). The primary role of this agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and all are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or those persons inside mainland China. It may also be difficult for you to enforce in U.S. courts 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, none of whom currently reside in the United States and whose assets are located outside the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

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

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that we are not a PRC resident enterprise for PRC tax purposes. See "Regulations—Regulation on Tax—PRC enterprise income tax." However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the

interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax, unless a reduced rate is available under an applicable tax treaty, from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 has introduced a new tax regime that is significantly different from the previous one under former SAT Circular 698 (which was repealed by the Announcement of the State Administration of Taxation on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source by SAT). SAT Public Notice 7 extends its tax jurisdiction to not only Indirect Transfers set forth under former SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clearer criteria than former 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 of a same listed foreign enterprise by a non-resident enterprise through a public securities market. SAT Public Notice 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, being the transferor, or the 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 if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

On October 17, 2017, SAT issued a Public Notice of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Public Notice 37, which, among others, repealed the Circular 698 on December 1, 2017. SAT Public Notice 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under Circular 698. And certain rules stipulated in SAT Public Notice 7 are replaced by SAT Public Notice 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the Enterprise Income Tax Law, 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.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Public Notice 7 and SAT Public Notice 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiary may be requested to assist in the filing under SAT Public Notice 7 and SAT Public Notice 37. As a result, we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions, and our results of operations could be materially and adversely affected.

The PRC government has provided various tax incentives to our VIE entity—Foshan Viomi in China. These incentives include reduced enterprise income tax rates. For example, under the Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%. However, enterprises which obtained a new software enterprise certification were entitled to an exemption of enterprise income tax for the first two years and a 50% reduction of enterprise income tax for the subsequent three years, commencing from the first profit-making year. In addition, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. Foshan Viomi has obtained High and New Technology Enterprise status since November 31, 2016 and is thus eligible to enjoy a preferential tax rate of 15% for 2016 and 2017, to the extent it has taxable income under the PRC Enterprise Income Tax Law. Any increase in the enterprise income tax rate applicable to our PRC subsidiary or VIE in China, or any discontinuation or retroactive or future reduction of any of the preferential tax treatments currently enjoyed by our PRC subsidiary or VIE in China, could adversely affect our business, financial condition and results of operations. In addition, in the ordinary course of our business, we are subject to complex income tax and other tax regulations and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended by Ministry of Commerce in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council in 2008, were triggered. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the MOFCOM before they can be completed. In addition, PRC national security review rules which became effective in September 2011 require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and

operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

The approval of the China Securities Regulatory Commission may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by the Ministry of Commerce requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the application of the M&A Rules remains unclear. Currently, there is no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement.

Our PRC legal counsel has advised us based on their understanding of the current PRC laws, rules and regulations that the CSRC's approval may not be required for the listing and trading of our ADSs on [NYSE/Nasdaq] in the context of this offering, given that: (i) our PRC subsidiary was incorporated as wholly foreign-owned enterprises by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are our beneficial owners; and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

However, our PRC legal counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign

exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder of such SPV fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiary in China. On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

We have requested PRC residents who we know hold direct or indirect interest in our company to make the necessary applications, filings and registrations as required under SAFE Circular 37. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurance that all these PRC residents will comply with SAFE Circular No. 37 or the subsequent implementation rules to complete the applicable registrations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiary in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into the subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock

incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of this offering. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Regulations—Regulation on Employee Share Incentive Plan of Overseas Publicly Listed Company."

Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirements of employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We did not pay, or were not able to pay, certain social insurance or housing fund contributions for all of our employees and the amount we paid was lower than the requirements of relevant PRC regulations. If we are determined by local authorities to fail to make adequate contributions to any employee benefits as required by relevant PRC regulations, we may face late fees or fines in relation to the underpaid employee benefits which may adversely affect our financial condition and results of operations.

We face certain risks relating to the real properties that we lease.

We lease real properties from third parties primarily for our office use in China, and none of our eight lease agreements for these properties has been registered with the PRC governmental authorities as required by PRC law. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for each lease agreement that has not been registered with the relevant PRC governmental authorities.

The ownership certificates or other similar proof of three of our leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As of the date of this prospectus, we are not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in the event of which we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our officers in a timely manner, our operations may be interrupted.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiary and VIEs. We may make loans to our PRC subsidiary and VIEs subject to the approval or registration from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiary in China. Any loans to our wholly foreign-owned subsidiary in China, which are treated as foreign-invested enterprises under PRC law, are subject to foreign exchange loan registrations. In addition, a foreign-invested enterprise, or FIE, shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of an FIE shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or VIEs or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. Since October 1, 2016, Renminbi has joined the International Monetary Fund's basket of currencies that make up the Special Drawing Right (SDR) along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or

ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Governmental control of currency conversion may limit our ability to utilize our cash balance effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiary to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiary in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiary and VIE to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Proceedings instituted by the SEC against Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

Starting in 2011 the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law, they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests

by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of our common stock may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ADSs from [the New York Stock Exchange/Nasdaq] or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in our prospectus filed with the U.S. Securities and Exchange Commission, as auditors of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditors are located in the Peoples' Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB. On May 24, 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or the CSRC, and the Ministry of Finance which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations in the United States and China. PCAOB continues to be in discussions with the CSRC and the Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Risks Related to the ADSs and this Offering

An active trading market for our shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.

We intend to apply to list our ADSs on the [NYSE/Nasdaq]. We have no current intention to seek a listing for our ordinary shares on any stock exchange. Prior to the completion of this offering, there has been no public market for our ADSs or our ordinary shares, and we cannot assure you that a liquid public market for our ADSs will develop. If an active public market for our ADSs does not develop following the completion of this offering, the market price and liquidity of our ADSs may be materially and adversely affected. The initial public offering price for our ADSs will be determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of our ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our net revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships, or joint ventures by us or our competitors;
- announcements of new products and services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- failure on our part to realize monetization opportunities as expected;
- changes in revenues generated from our significant business partners;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- detrimental negative publicity about us, our management, our competitors or our industry;
- regulatory developments affecting us or our industry; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the trading volume and price of the ADSs.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other

resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

The sale or availability for sale, or perceived sale or availability for sale, of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. There will be ADSs (equivalent to ordinary shares) outstanding immediately after this offering, or ADSs (equivalent to ordinary shares) if the underwriters exercise their over-allotment option in full. In connection with this offering, [we, our directors and executive officers and our existing shareholders] have agreed not to sell any ordinary shares or ADSs for 180 days after the date of this prospectus without the prior written consent of the underwriters, subject to certain exceptions. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs. See "Underwriting" and "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling our securities after this offering.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

We will adopt amended and restated memorandum and articles of association that will become effective immediately prior to the completion of this offering. Our new memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

We have not determined a specific use for a portion of the net proceeds from this offering, and we may use these proceeds in ways with which you may not agree, and such use may not produce income or increase our ADS price.

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase our ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote the underlying ordinary shares represented by your ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of our ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which are carried by the underlying ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying ordinary shares represented by your ADSs in accordance with your instructions. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying ordinary shares in accordance with these instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares unless you withdraw the shares, and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the ordinary shares represented by your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our post-offering memorandum and articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and

such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying ordinary shares represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the underlying ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying ordinary shares represented by your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of the ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Pursuant to our post-offering amended and restated memorandum and articles of association, our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend either out of profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as it falls due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act of 1933 but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through

such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

You may experience dilution of your holdings due to the inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the Securities and Exchange Commission, or the SEC, and [NYSE/Nasdaq], impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.07 billion in revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more

difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties owed to us by our directors under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties owed to us by our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for our shareholders to obtain the information needed to establish any facts necessary for them to motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see "Description of Share Capital—Differences in Corporate Law."

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. Substantially all of our current operations are conducted in China. In addition, all of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforceability of Civil Liabilities."

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the [NYSE/Nasdaq] corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the [NYSE/Nasdaq] corporate governance listing standards.

As a Cayman Islands company listed on the [NYSE/Nasdaq], we are subject to the [NYSE/Nasdaq] corporate governance listing standards. However, [NYSE/Nasdaq] rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the [NYSE/Nasdaq] corporate governance listing standards. Currently, we do not plan to rely on home country practice with respect to our corporate governance after we complete this offering. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the [NYSE/Nasdaq] governance listing standards applicable to U.S. domestic issuers.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

A non-U.S. corporation will be a passive foreign investment company, or PFIC, for any taxable year if either (i) at least 75% of its gross income for such year consists of certain types of "passive" income; or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. Based on our current and expected income and assets (taking into account the expected cash proceeds and our anticipated market capitalization following this offering), we do not presently expect to be a PFIC for the current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we are or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets. Fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test may be determined by reference to the market price of our ADSs. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering.

If we were to be or become a PFIC for any taxable year during which a U.S. Holder (as defined in "Taxation—United States Federal Income Tax Considerations") holds our ADSs or ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "Taxation—United States Federal Income Tax Considerations—Passive foreign investment company considerations."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our mission and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the IoT-enabled smart home products market and the home appliances market in China;
- The expected growing application of AI technology in smart home devices;
- our expectations regarding our relationships with our ecosystem partners;
- our expectations regarding demand for and market acceptance of our F2C new retail model;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Prospectus Summary—Our Challenges," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulations" and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The IoT-enabled smart home products market and the application of big data technology in China may not grow at the rate projected by market data, or at all. Failure to grow at the projected rate may have a material and adverse effect on our business and the market price of our ADSs. In addition, the rapidly evolving nature of IoT products and AI technology results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$, or approximately US$ if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US$ per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per ADS would increase (decrease) the net proceeds to us from this offering by US$, assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital to fund our growth strategy. We plan to use the net proceeds of this offering as follows:

- approximately US$ for research and development of products, services and technologies;
- approximately US$ for selling and marketing initiatives;
- approximately US$ for potential strategic investments and acquisitions along our product value chain, although we have not identified any specific investments or acquisition opportunities at this time; and
- approximately US$ 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. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See "Risk Factors—Risks Related to the ADSs and this Offering—We have not determined a specific use for a portion of the net proceeds from this offering, and we may use these proceeds in ways with which you may not agree, and such use may not produce income or increase our ADS price."

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiary only through loans or capital contributions and to our VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. Currently, there is no statutory limit to the amount of funding that we can provide to our PRC subsidiary through capital contribution, and we can provide loans to our PRC subsidiary, VIEs and their subsidiaries as long as the loan amount does not exceed the statutory limit, which is currently twice the amount of the relevant entities' respective net assets calculated in accordance with accounting standards in China. It would generally take us approximately thirty days to obtain approvals or complete registration necessary to provide funds to our PRC subsidiary, VIEs and their subsidiaries through capital contributions or loans, subject to the specific timeline implemented by local authorities. Furthermore, we expect the IPO proceeds to be used in China in the form of RMB and, therefore, our PRC subsidiary, VIEs and their subsidiaries will need to convert any capital contributions or loans from U.S. dollars to RMB. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

[We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]

DIVIDEND POLICY

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us. See "Regulations —Regulation on Dividend Distributions."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying our ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to our ADS holders in proportion to ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2017:

- on an actual basis;
- on a pro forma basis to reflect (i) the automatic conversion of 84,545,455 outstanding class B ordinary shares into class A ordinary shares and 18,181,818 series A preferred shares into class A ordinary shares on a one-for-one basis upon completion of the offering, (ii) the vesting and automatic conversion of 8,454,546 unvested class A ordinary shares granted to certain management members into class A ordinary shares on a one-for-one basis upon completion of the offering, and (iii) the vesting of 16,909,091 class B ordinary shares and automatic conversion of 50,727,273 class B ordinary shares into class A ordinary shares on a one-for-one basis upon completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the automatic conversion of 84,545,455 outstanding class B ordinary shares into class A ordinary shares and 18,181,818 series A preferred shares into class A ordinary shares on a one-for-one basis upon completion of the offering, (ii) the vesting and automatic conversion of all unvested class A and class B ordinary shares granted to the certain management members into class A ordinary shares on a one-for-one basis upon completion of the offering, (iii) the vesting of 16,909,091 class B ordinary shares and automatic conversion of 50,727,273 class B ordinary shares into class A ordinary shares upon completion of this offering, and (iv) the sale of ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US$ per ADS, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise over-allotment option.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2017					
	Actual		Pro Forma (Unaudited)		Pro Forma As Adjusted	
	RMB	US$	RMB	US$	RMB	US$
	(in thousands, except for share data)					
Mezzanine equity						
Class B redeemable convertible ordinary shares (US$0.0001 par value; 135,272,728 shares authorized and issued as of December 31, 2017; 84,545,455 shares outstanding, and liquidation value of RMB9,306 as of December 31, 2017 ; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017; and none outstanding on a pro forma as adjusted basis)	256,883	39,482	—	—		
Series A redeemable convertible preferred shares (US$0.0001 par value; 18,181,818 shares authorized, issued and outstanding as of December 31, 2017; liquidation value of RMB183,453 as of December 31, 2017; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017; and none outstanding on a pro forma as adjusted basis)	151,045	23,215	—	—		
Total mezzanine equity	407,928	62,697	—	—		
Shareholders' (deficit) equity						
Class A ordinary shares (US$0.0001 par value; 346,545,454 shares authorized and 33,818,182 shares issued as of December 31, 2017; 16,909,090 and 25,363,636 shares outstanding as of December 31, 2017; and 187,272,728 (unaudited) outstanding on a pro forma basis as of December 31,2017; and outstanding on a pro forma as adjusted basis)	15	2	115	18		
Additional paid-in capital	9,666	1,486	422,728	64,973		
Accumulated deficit	(160,885)	(24,728)	(160,885)	(24,728)		
Accumulated other comprehensive loss	(18,004)	(2,767)	(18,004)	(2,767)		
Total shareholders' (deficit) equity	(169,208)	(26,007)	243,954	37,496		
Total capitalization[(1)]	238,720	36,690	243,954	37,496		

Note:

(1) Equals the sum of total mezzanine equity and total shareholders' (deficit)/equity.

The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, total shareholders' equity (deficit) and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.

A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per share, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, would increase (decrease) each of additional paid-in capital, total shareholders' equity/(deficit), and total capitalization by US$ million.

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2017 was approximately US$36.7 million, or US$1.45 per class A ordinary share as of that date and US$ per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US$ per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after December 31, 2017, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US$ per ADS, which is the midpoint of the estimated initial public offering price range, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2017 would have been US$, or US$ per ordinary share and US$ per ADS. This represents an immediate increase in net tangible book value of US$ per ordinary share and US$ per ADS to the existing shareholders and an immediate dilution in net tangible book value of US$ per ordinary share and US$ per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Class A Ordinary share		Per ADS
Assumed initial public offering price	US$		US$
Net tangible book value as of December 31, 2017	US$	1.45	US$
Pro forma net tangible book value after giving effect to the assumption that (i) 18,181,818 series A preferred shares and 84,545,455 class B ordinary shares have been converted into class A ordinary shares, (ii) 8,454,546 unvested class A ordinary shares granted to the certain management have been vested and converted into class A ordinary shares, and (iii) 16,909,091 class B ordinary shares have been vested and 50,727,273 class B ordinary shares owned by the founder have been converted into class A ordinary shares	US$		US$
Pro forma as adjusted net tangible book value after giving effect to the aforesaid assumptions considered in pro forma net tangible book value and this offering	US$		US$
Amount of dilution in net tangible book value to new investors in this offering	US$		US$

A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering by US$, the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US$ per ordinary share and US$ per ADS and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US$ per ordinary share and US$ per ADS, assuming no

change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of December 31, 2017, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary shares Purchased		Total Consideration		Average Price Per Ordinary share	Average Price Per ADS
	Number	Percent	Amount	Percent		
Existing shareholders			US$	%	US$	US$
New investors			US$	%	US$	US$
Total			US$	100.0%		

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above assume no exercise of any outstanding share options outstanding as of the date of this prospectus. As of the date of this prospectus, there are 11,240,000 ordinary shares issuable upon exercise of outstanding share options at a weighted average exercise price of US$0.35 per share, and there are in total up to 19,160,000 additional ordinary shares available for future issuance upon the exercise of yet to be issued share options under our 2015 and 2018 Share Incentive Plans. To the extent that any of these options are exercised, there will be further dilution to new investors. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

EXCHANGE RATE INFORMATION

Our reporting currency is the Renminbi because our business is mainly conducted in China and substantially all of our net revenues are denominated in Renminbi. The conversion of Renminbi into U.S. dollars in this prospectus is based on the exchange rate set forth in the H.10 Statistical release of the Board of Governors of the Federal Reserve System. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.5063 to US$1.00, the exchange rate in effect as of December 29, 2017. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, 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 currency and through restrictions on foreign trade. On July 20, 2018, the exchange rate was RMB6.7659 to US$1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you.

	Exchange Rate			
Period	Period End	Average[1]	Low	High
	(RMB per US$1.00)			
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
December	6.5063	6.5932	6.6210	6.5063
2018				
February	6.3280	6.3182	6.3471	6.2649
March	6.2726	6.3174	6.3565	6.2685
April	6.3325	6.2967	6.3340	6.2655
May	6.4096	6.3701	6.4175	6.3325
June	6.6171	6.4651	6.6235	6.3850
July (through July 20)	6.7659	6.6775	6.7701	6.6123

Source: Federal Reserve Statistical Release

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages are calculated by using the average of the daily rates during the relevant month.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands to take advantage 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 exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed , located at , as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

We have been informed by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel, that the United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and that a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be automatically enforceable in the Cayman Islands. We have also been advised by Maples and Calder (Hong Kong) LLP that a judgment obtained in any federal or state court in the United States 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 foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final, (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 as to whether the courts of the Cayman Islands would (i) 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

(ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the securities laws of the United States or any state in the United States. Such uncertainty relates to whether a judgment obtained from the United States courts under the civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company or its directors and officers. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether they would be enforceable in the Cayman Islands.

Han Kun Law Offices, our counsel as to PRC law, has advised us that there is uncertainty as to whether the courts of China would:

- 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

- 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.

Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity 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 PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a specific defendant, a concrete claim, a factual basis and a cause for the suit.

It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding our ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

CORPORATE HISTORY AND STRUCTURE

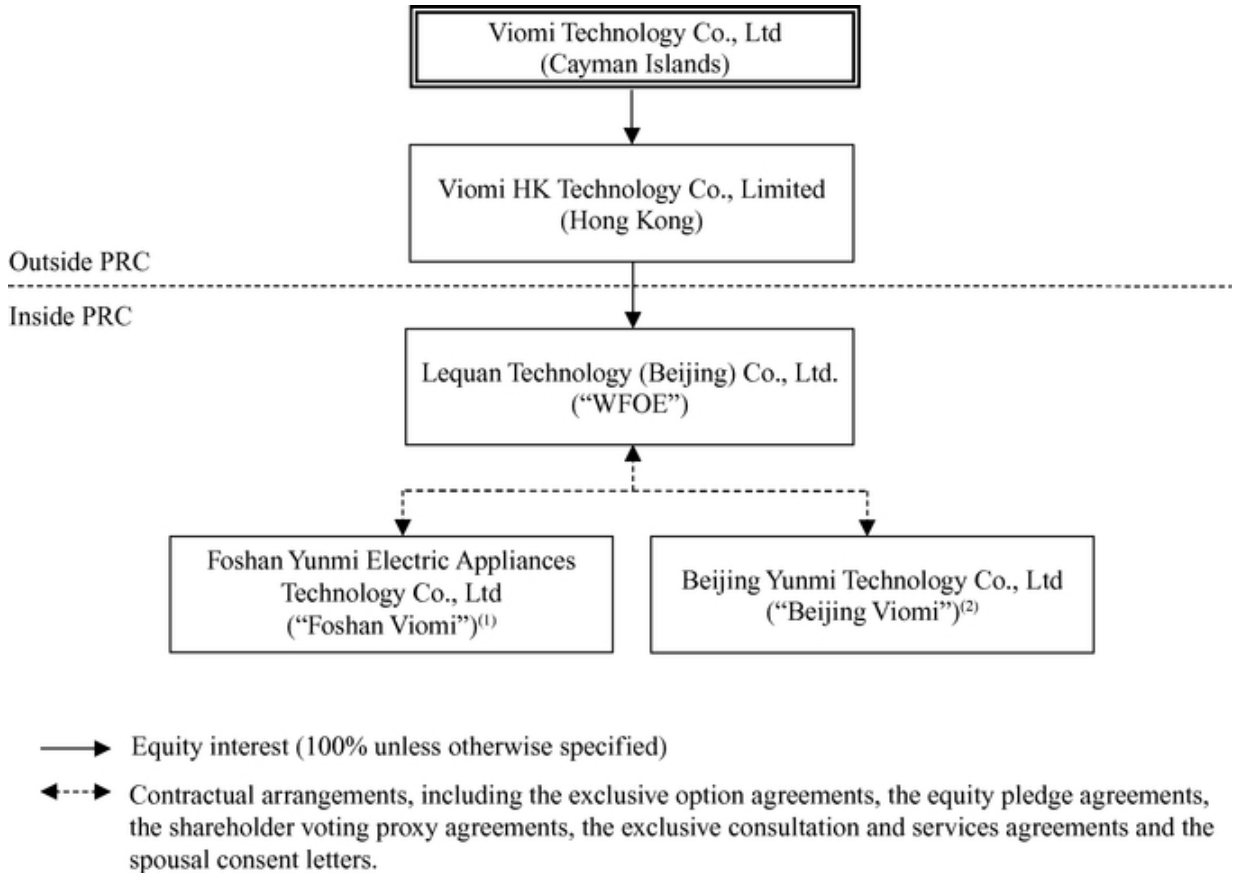
We commenced our operation in May 2014 through Foshan Yunmi Electric Appliances Technology Co., Ltd, or Foshan Viomi, a PRC domestic company, to develop, manufacture and sell IoT products, including smart water purification systems. Foshan Viomi was established by Mr. Xiaoping Chen and Tianjin Jinxing Investment Co., Ltd., or Tianjin Jinxing, a subsidiary of Xiaomi. Certain equity interests in Foshan Viomi under Mr. Chen's name were held by Mr. Chen on behalf of our management.

In January 2015, we incorporated Viomi Technology Co., Ltd as our offshore holding company in order to facilitate foreign investment in our company. Subsequently, we established Viomi HK Technology Co., Limited, or Viomi HK, as our intermediate holding company, which in turn established a wholly-owned PRC subsidiary, Lequan Technology (Beijing) Co., Ltd., or Lequan Technology or our WFOE, in April 2015.

In January 2015, we formed a PRC domestic company, Beijing Yunmi Technology Co., Ltd, or Beijing Viomi, to develop and manage our big data, software and product design. In July 2015, we issued class A ordinary shares of Viomi Technology Co., Ltd. in exchange for the equity interests in Foshan Viomi held by Mr. Chen on behalf of the management, class B ordinary shares in exchange for the equity interests in Foshan Viomi owned by Mr. Chen, and class B ordinary shares to Red Better Limited and Shunwei Talent Limited in exchange for the equity interests in Foshan Viomi held by Tianjin Jinxing. Concurrently, we obtained control over Foshan Viomi and Beijing Viomi by entering into a series of contractual arrangements with them and their respective shareholders. We collectively refer to Foshan Viomi and Beijing Viomi as our VIEs in this prospectus. We use contractual arrangements with VIEs due to PRC restrictions or prohibitions on foreign ownership of internet and other related businesses in China. Although our provision of e-commerce services falls within the permitted category according to the Negative List (as defined elsewhere in this prospectus) that took effect on July 28, 2018, foreign investments in this business are still restricted by other qualifications and requirements under related regulations in China. In 2016 and 2017, we derived virtually all of our revenues from our VIEs. We rely on dividends and other distributions paid to us by our WFOE, which in turn depends on the service fees that our VIEs pay to our WFOE. Our WFOE has the sole discretion to receive from each of our VIEs an annual service fee at an amount up to 100% of the respective VIE's annual net income. In addition, our WFOE is entitled to receive certain fees for other technical services at the amount mutually agreed upon by our WFOE and the respective VIE. Our WFOE did not collect any service fees from our VIEs in the last two fiscal years, and will make discretionary determinations on the amount of fees to collect based on the performance of our VIEs and our business needs going forward. We do not have unfettered access to our WFOE's and VIEs' revenues due to PRC legal restrictions on the payment of dividends by PRC companies, foreign exchange control restrictions, and the restrictions on foreign investment, among others. For more details and risks related to our variable interest entity structure, please see "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Shareholders" and "Risk Factors—Risks Related to Our Corporate Structure." In addition, we issued series A redeemable convertible preferred shares to a group of investors for cash or in the form of conversion of the outstanding bridge loans previously provided by the same investors.

As a result of our direct ownership in our WFOE and the contractual arrangements with the VIEs, we are regarded as the primary beneficiary of our VIEs, and we treat them as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of our VIEs in our consolidated financial statements in accordance with U.S. GAAP.

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs as of the date of this prospectus:



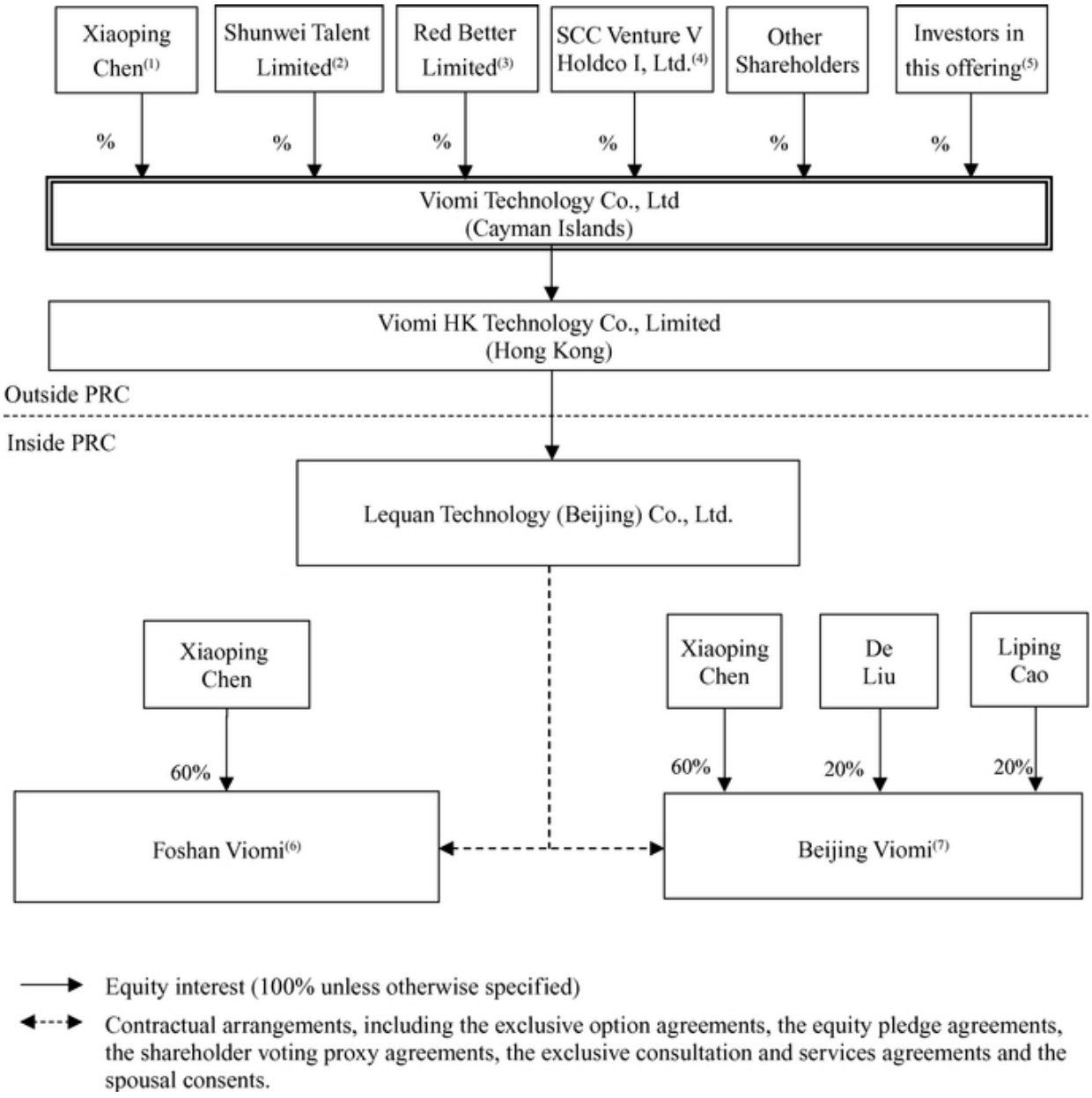
Notes:

(1) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Foshan Viomi. Tianjin Jinxing Investment Company, an affiliate of principal shareholder Red Better Limited, holds the remaining 40% equity interests in Foshan Viomi.

(2) Mr. Chen holds 60% equity interests in Beijing Viomi. Two employees of our shareholders, Red Better Limited and Shunwei Talent Limited, each hold 20% equity interests in Beijing Viomi.

The following is a summary of the currently effective contractual arrangements relating to our VIEs.

The following diagram illustrates our anticipated corporate structure, including our significant subsidiaries and VIEs, upon the completion of this offering (assuming no exercise of the over-allotment option):



(1) Represents the shares Mr. Xiaoping Chen holds directly through his wholly-owned company, Viomi Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Mr. Xiaoping Chen's beneficial ownership in our company prior to and immediately after this offering.

(2) Represents the shares held by Shunwei Talent Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Shunwei Talent Limited's beneficial ownership in our company prior to and immediately after this offering.

(3) Represents the shares held by Red Better Limited. Please see the section titled "Principal [and Selling] Shareholders" for more information on Red Better Limited's beneficial ownership in our company prior to and immediately after this offering.

(4) Represents the shares held by SCC Venture V Holdco I, Ltd. Please see the section titled "Principal [and Selling] Shareholders" for more information on SCC Venture V Holdco I, Ltd's beneficial ownership in our company prior to and immediately after this offering.

(5) The computation of beneficial ownership percentages assumes the underwriters do not exercise their over-allotment option. See "Principal [and Selling] Shareholders."

(6) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Foshan Viomi. Tianjin Jinxing Investment Company, an affiliate of our principal shareholder Red Better Limited, holds the remaining 40% equity interests in Foshan Viomi.

(7) Mr. Xiaoping Chen, our founder, chairman of our board of directors, chief executive officer and a beneficial owner of the shares of our company, holds 60% equity interests in Beijing Viomi. Each of De Liu and Liping Cao, who are respectively employees of our shareholders: Red Better Limited and Shunwei Talent Limited, holds 20% equity interests in Beijing Viomi.

Contractual Arrangements with Our VIEs and Their Shareholders

Agreements that provide us with effective control over our VIEs

Shareholder Voting Proxy Agreement. Pursuant to the Shareholder Voting Proxy Agreement, dated July 21, 2015, by and among our company, our WFOE and each of the shareholders of Foshan Viomi. Each of the shareholders of Foshan Viomi has irrevocably authorized any person designated by our WFOE to act as his, her or its attorney-in-fact to exercise all of his, her or its rights as a shareholder of Foshan Viomi, including, but not limited to, the right to convene and attend shareholders' meetings, vote on any resolution that requires a shareholder vote, such as the appointment and election of directors, and other senior management personnel who shall be appointed or removed by the shareholders as well as the sale or transfer of all or part of the equity interests owned by such shareholder. Such shareholder voting proxy agreements will remain effective, unless otherwise terminated in advance pursuant to agreement in writing from all parties.

On July 21, 2015, our WFOE, Beijing Viomi and each of the shareholders of Beijing Viomi entered into a Shareholder Voting Proxy Agreement, which contain terms substantially similar to the Shareholder Voting Proxy Agreement executed by the shareholders of Foshan Viomi described above.

Equity Pledge Agreements. Pursuant to the Equity Pledge Agreement, dated July 21, 2015, among our WFOE, Foshan Viomi and the shareholders of Foshan Viomi, the shareholders of Foshan Viomi have pledged 100% equity interests in Foshan Viomi to our WFOE to guarantee the performance by the shareholders of their obligations under the Exclusive Option Agreement, the Shareholder Voting Proxy Agreement and the Equity Pledge Agreement, as well as the performance by Foshan Viomi of its obligations under the Exclusive Option Agreement, the Shareholder Voting Proxy Agreement, the Exclusive Consultation and Service Agreement and the Equity Pledge Agreement. In the event of a breach by Foshan Viomi or any shareholder of contractual obligations under the Equity Pledge Agreement, our WFOE, as pledgee, will have the right to dispose of the pledged equity interests in Foshan Viomi and will have priority in receiving the proceeds from such disposal. The shareholders of Foshan Viomi also undertake that, without the prior written consent of our WFOE, they will not dispose of, create or allow any encumbrance on the pledged equity interests. Foshan Viomi undertakes that, without the prior written consent of our WFOE, they will not assist or allow any encumbrance to be created on the pledged equity interests.

On July 21, 2015, our WFOE, Beijing Viomi and each of the shareholders of Beijing Viomi entered into an Equity Pledge Agreement, which contains terms substantially similar to the Equity Pledge Agreement described above.

We have completed the registration of the equity pledge with the competent office of the State Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

Agreements that allow us to receive economic benefits from our VIEs

Exclusive Consultation and Service Agreements. Pursuant to the Exclusive Consultation Service Agreement, dated July 21, 2015, between our WFOE and Foshan Viomi, our WFOE has the exclusive right to provide Foshan Viomi with the software technology development, technology consulting and technical services required by Foshan Viomi' business. Without our WFOE's prior written consent, Foshan Viomi may not accept any same or similar services subject to this agreement from any third party. Foshan Viomi agrees to pay our WFOE an annual service fee at an amount that is equal to 100% of its annual net income or the amount which is adjusted in accordance with our WFOE's sole discretion for the relevant year as well as the mutually agreed amount for certain other technical services, both of which should be paid within three months after the end of the relevant calendar year. Our WFOE has the exclusive ownership of all the intellectual property rights created as a result of the performance of the Exclusive Consultation and Service Agreement, to the extent permitted by applicable PRC laws. To guarantee Foshan Viomi's performance of its obligations thereunder, the shareholders have pledged their equity interests in Foshan Viomi to our WFOE pursuant to the Equity Pledge Agreement. The Exclusive Consultation and Service Agreement will remain effective for an indefinite term, unless otherwise terminated pursuant to mutual agreement in writing or applicable PRC laws.

On July 21, 2015, our WFOE, Beijing Viomi and each of the shareholders of Beijing Viomi entered into an Exclusive Consultation and Service Agreement, which contains terms substantially similar to the Exclusive Consultation and Service Agreement described above.

Agreements that provide us with the option to purchase the equity interests in and assets of our VIEs

Exclusive Option Agreements. Pursuant to the Exclusive Option Agreement, dated July 21, 2015, among our WFOE, Foshan Viomi and each of the shareholders of Foshan Viomi, the shareholders of Foshan Viomi have irrevocably granted our WFOE an exclusive option to purchase all or part of their equity interests in Foshan Viomi, and Foshan Viomi has irrevocably granted our WFOE an exclusive option to purchase all or part of its assets. Our WFOE or its designated person may exercise such options to purchase equity at their respective paid-in registered capital in Foshan Viomi, or the lowest price permitted under applicable PRC laws, whichever lower. Our WFOE or its designated person may exercise such options to purchase assets at the lowest price permitted under applicable PRC laws. The shareholders of Foshan Viomi undertake that, without our WFOE's prior written consent, they will not, among other things, (i) transfer or otherwise dispose of their equity interests in Foshan Viomi, (ii) create any pledge or encumbrance on their equity interests in Foshan Viomi, (iii) change Foshan Viomi's registered capital, (iv) merge Foshan Viomi with any other entity, (v) dispose of Foshan Viomi's material assets (except in the ordinary course of business), or (vi) amend Foshan Viomi's articles of association. In addition, Foshan Viomi undertakes that, without our WFOE's prior written consent, it will not, among other things, create any pledge or encumbrance on any of its assets, or transfer or otherwise dispose of its material assets (except in the ordinary course of business). The Exclusive Option Agreement will remain effective until the entire equity interests in and all the assets of Foshan Viomi have been transferred to our WFOE or its designated person.

On July 21, 2015, our WFOE, Beijing Viomi and each of the shareholders of Beijing Viomi entered into an Exclusive Option Agreement, which contains terms substantially similar to the Exclusive Option Agreement described above.

In the opinion of Han Kun Law Offices, our PRC legal counsel:

- the ownership structures of our VIEs in China and our WFOE, both currently and immediately after giving effect to this offering, are not in violation of applicable PRC laws and regulations currently in effect; and

- the contractual arrangements between our company, our WFOE, our VIEs and their respective shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of applicable PRC laws.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or our VIE are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See "Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating some of our business operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties, or be forced to relinquish our interest in those operations" and "Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us."

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated financial data for the years ended December 31, 2016 and 2017 and as of December 31, 2016 and 2017 are derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read this Selected Consolidated Financial and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table presents our selected consolidated statements of comprehensive (loss) income data for the years ended December 31, 2016 and 2017.

	For the year ended December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands, except for share and per share data)		
Selected Consolidated Statements of Comprehensive (Loss) Income:			
Net revenues[(1)]	312,574	873,219	134,210
Cost of revenues	(232,544)	(598,036)	(91,915)
Gross profit	80,030	275,183	42,295
Operating expenses[(2)]:			
Research and development expenses[(2)]	(29,926)	(60,749)	(9,337)
Selling and marketing expenses[(2)]	(20,929)	(95,296)	(14,648)
General and administrative expenses[(2)]	(14,386)	(15,818)	(2,431)
Total operating expenses	(65,241)	(171,863)	(26,416)
Other (expenses) income	(481)	2,236	344
Income from operations	14,308	105,556	16,223
Interest (expenses) income	(296)	2,402	369
Income before income tax benefit (expenses)	14,012	107,958	16,592
Income tax benefit (expenses)	2,247	(14,718)	(2,262)
Net income	16,259	93,240	14,330
Net income attributable to the Company	16,259	93,240	14,330
Net (loss) income attributable to ordinary shareholders of the Company	(3,453)	8,033	1,234
Net (loss) income per share attributable to ordinary shareholders of the Company:			
Net (loss) income per ordinary share—basic	(0.28)	0.39	0.06
Net (loss) income per ordinary share—diluted	(0.28)	0.30	0.05
Weighted average number of ordinary shares used in computing net (loss) income per share:			
Ordinary shares—basic	12,230,136	20,684,681	20,684,681
Ordinary shares—diluted	12,230,136	26,545,150	26,545,150

Notes:

(1) Includes RMB299.8 million and RMB739.5 million (US$113.7 million) from sales to Xiaomi for the years ended December 31, 2016 and 2017, respectively.

(2) Share-based compensation expenses were allocated as follows:

	For the year ended December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands)		
General and administrative expenses	6,863	3,303	508
Research and development expenses	3,464	1,903	292
Selling and marketing expenses	251	615	95
Total	**10,578**	**5,821**	**895**

The following table presents our selected consolidated balance sheet data as of December 31, 2016 and 2017.

	As of December 31,		
	2016	2017	
	RMB	RMB	US$
		(in thousands)	
Selected Consolidated Balance Sheet Data:			
Current assets:			
Cash and cash equivalents	156,930	279,952	43,028
Amounts receivable from a related party, net	45,021	249,548	38,355
Total current assets	276,166	665,431	102,275
Total assets	281,945	671,565	103,217
Total current liabilities	136,886	432,385	66,456
Total liabilities	136,886	432,845	66,527
Total mezzanine equity	423,999	407,928	62,697
Class A ordinary shares (US$0.0001 par value; 346,545,454 shares authorized and 33,818,182 shares issued as of December 31, 2016 and 2017; 16,909,090 and 25,363,636 shares outstanding as of December 31, 2016 and 2017, respectively)	10	15	2
Total shareholders' (deficit) equity	(278,940)	(169,208)	(26,007)

The following table presents our selected consolidated cash flow data for the years ended December 31, 2016 and 2017.

	As of December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands)		
Selected Consolidated Cash Flow Data:			
Net cash provided by operating activities	15,499	123,906	19,044
Net cash used in investing activities	(1,609)	(1,234)	(190)
Net cash provided by financing activities	12,999	2,671	411
Effect of exchange rate changes on cash and cash equivalents	2,913	(2,321)	(357)
Net increase in cash and cash equivalents	29,802	123,022	18,908
Cash and cash equivalents at beginning of the year	127,128	156,930	24,120
Cash and cash equivalents at end of the year	156,930	279,952	43,028

The following table sets forth the breakdown of our net revenues by business line both as an absolute amount and as a proportion of net revenues for the periods indicated.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues:					
IoT-enabled smart home products	273,282	87.4	712,317	109,480	81.6
Smart water purification systems	250,442	80.1	570,784	87,728	65.4
Smart kitchen products	—	—	50,656	7,786	5.8
Other smart products	22,840	7.3	90,877	13,966	10.4
Consumable products	19,376	6.2	87,500	13,449	10.0
Value-added businesses[(1)]	19,916	6.4	73,402	11,281	8.4
Total	**312,574**	**100.0**	**873,219**	**134,210**	**100.0**

Note:

(1) Including sales of other products and rendering of services. See footnote (9) to the Consolidated Financial Statements for more details.

The following table presents our gross profit and gross profit margin by business line for the years ended December 31, 2016 and 2017.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands except percentages)				
Gross profit and gross profit margin:					
IoT-enabled smart home products	66,603	24.4	212,578	32,673	29.8
Smart water purification systems	58,594	23.4	170,996	26,282	30.0
Smart kitchen products	—	—	15,669	2,408	30.9
Other smart products	8,009	35.1	25,913	3,983	28.5
Consumable products	8,732	45.1	39,377	6,052	45.0
Value-added businesses	4,695	23.6	23,228	3,570	31.6
Total	**80,030**	**25.6**	**275,183**	**42,295**	**51.5**

The following table presents certain of our operating data for the periods or as of the dates indicated.

	As of December 31,		As of March 31,
	2016	2017	2018
Selected Operating Data:			
Household users[1]	348,084	894,078	1,034,707

	For the Year Ended December 31,		For the Three Months Ended March 31,
	2016	2017	2018
IoT products shipped[2]	382,479	1,194,659	409,665

Notes:

(1) Represents the number of households where at least one of our IoT products was connected to the internet as of the respective dates.

(2) Represents the volume of IoT products sold within the respective time periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

Overview

We have developed a unique Home OS platform consisting of an ecosystem of innovative IoT products, together with a suite of complementary consumable products and value-added businesses. This platform enables users to intelligently interact with a broad portfolio of IoT products in an intuitive and human-like manner to make daily life more convenient, efficient and enjoyable, while allowing us to capture various scenario-driven consumption events in the home environment. As of March 31, 2018, our Home OS platform had over 1.0 million household users.

We are a strategic partner of Xiaomi. Our strategic partnership with Xiaomi gives us access to Xiaomi's ecosystem users, market and data resources and related support. Meanwhile, our strong research and development capabilities and innovative products and services also enrich Xiaomi's suite of offerings, resulting in a mutually beneficial relationship between Xiaomi and us.

We generate revenues mainly from sales of our IoT products and consumable products and from our value-added businesses. We generate a significant portion of our revenues through sales of our IoT products, while we expect the revenues from value-added businesses to quickly pick up in 2018.

We have grown rapidly since our inception. Our net revenues were RMB873.2 million (US$134.2 million) in 2017, representing an increase of 179.4% from RMB312.6 million in 2016. Our net income increased by 473.5% from RMB16.3 million in 2016 to RMB93.2 million (US$14.3 million) in 2017.

Key Factors Affecting Our Results of Operations

Key factors affecting our results of operations include the following:

Consumption upgrade and greater adoption of IoT-enabled smart home technology in China

Our business and operating results are affected by general factors affecting China's broader consumer products and home appliances industries, including overall macroeconomic growth and increase in disposable income, overall consumption upgrade trends as well as public knowledge, acceptance and adoption of new and innovative technology such as IoT-enabled smart home technology.

In line with sustained economic growth and increases in disposable income in recent years, China has seen a clear consumption upgrade trend and expectations for higher living standards. Chinese consumers now have greater purchasing power and an increasing preference for high quality and aspirational products with innovative features and functionalities, according to the iResearch Report. In addition, Chinese consumers, particularly the young, modern, "new middle class" population, who are our key target demographic, are becoming increasingly receptive to next-generation products that incorporate AI and IoT technologies to create a modern living experience. New technologies such as voice- and motion-activated controls have also gained increasing prominence as these technologies become more mainstream and consumers become more educated about their applications. These macroeconomic and industry trends have played and will continue to play a significant role in driving demand for our products and our results of operations. Unfavorable changes in any of these general industry conditions could negatively affect demand for our products and materially adversely affect our results of operations.

Increasing brand recognition and expanding user base

The uniqueness and effectiveness of our products and related benefits, together with our strategic partnership with Xiaomi, have enabled us to enjoy strong word-of-mouth and extensive media coverage, which have provided us with strong momentum in increasing our brand recognition and the expansion of our user base, which have been key contributors to the growth of our business. The number of our household users increased by 197.3% from approximately 348 thousand as of December 31, 2016 to over 1.0 million as of March 31, 2018. As we continue to gain scale and invest in our brand, we expect our brand to gain even greater recognition among consumers, which will facilitate increasing demand for our products as well as further growth in our user base and in turn, our results of operations.

New product launches

Our introduction and sales of new products that are well received by consumers, both self-branded and Xiaomi-branded, is an important contributor to our sustainable growth. We successfully introduced 17 and 18 new product lines in 2016 and 2017, respectively, and in 2018, we have introduced additional new products such as our 21Face smart refrigerator and the Viomi dishwasher and will be launching new products such as our Eyebot smart range hood, VioV smart speaker, and smart mirror, which we expect to drive continued strong growth in our results of operations.

As we continue to grow our business and introduce additional new products to improve connectivity and synergies across our Home OS platform and further promote the IoT @ Home lifestyle experience, we expect to deliver further growth through repeat customer purchases, bundled sales, as well as additional monetization of our consumable products and value-added businesses.

Expansion and performance of our network of experience stores

At the heart of our factory-to-consumer, or F2C, new retail sales strategy is a network of approximately 700 Viomi offline experience stores across China, the majority of which were stand-alone stores, as of June 30, 2018. Please see "Business—Omnichannel F2C New Retail Platform—Offline" for more details. The rollout of these stores over the past several years has been an important positive driver on our results of operations by strengthening our brand awareness, increasing our overall market presence and supporting the attractive pricing of our products by eliminating unnecessary layers of middlemen as part of our F2C sales model.

Going forward and working together with our network partners, we intend to continue to roll out additional experience stores across the country and continue to invest in in-store training and enhance our in-store experience to drive our continued growth.

Product and business mix

We generate a significant portion of our revenues through the sales of our IoT products and we are continuing to introduce new products to the market. For the years ended December 31, 2016 and 2017, sales of our IoT products accounted for 87.4% and 81.6% of our net revenues, respectively. Different product categories may have different attributable gross margins due to various factors, including our pricing strategy, target customer demographics as well as raw material and production costs, among others. For example, we may price certain flagship products at competitive prices to facilitate initial customer acquisition and entry in the family home, which may negatively affect our gross margins in the near term.

In addition, the proportionate contributions of our various business lines to our net revenues may change over time as we continue to grow our business and increase the number of our household users. As such, our combined gross margin may be affected both by any change in revenues attributable to, and any change in the gross margin of, each business line.

Investment in R&D, marketing and brand promotion

Our success is significantly dependent on our ability to continually bring to market products and services that are popular among consumers, particularly relative to those offered by our competitors. Accordingly, we dedicate significant resources towards research and development. For the years ended December 31, 2016 and 2017, research and development expenses were RMB29.9 million and RMB60.7 million (US$9.3 million), accounting for 9.6% and 7.0% of our net revenues, respectively. Going forward, we will further invest in our research and development efforts as we continue to introduce new and innovative products to create a unique and holistic IoT @ Home lifestyle experience for the benefit of consumers.

Similarly, attracting new users and growing the number of our household users by continuing to strengthen our brand awareness as well as educating consumers about the benefits of our Home OS platform and the IoT @ Home lifestyle experience are our key growth strategies. For the years ended December 31, 2016 and 2017, our selling and marketing expenses were RMB20.9 million and RMB95.3 million (US$14.6 million), accounting for 6.7% and 10.9% of our revenues, respectively. Going forward, we intend to continue investing significant resources in our marketing, advertising and brand promotion efforts.

Relationship with Xiaomi

Historically, we derived a substantial majority of our revenues from our sales to Xiaomi, our strategic partner, shareholder and related party. For the years ended December 31, 2016 and 2017, revenues generated from our sales to Xiaomi represented 95.9% and 84.7% of our net revenues, respectively. Xiaomi is an important customer of ours, and our strategic partnership with Xiaomi gives us access to Xiaomi's ecosystem users, market and data resources and related support. Therefore, while we expect the proportion of our revenues generated from our sales to Xiaomi to gradually decrease going forward, maintaining a mutually beneficial relationship with Xiaomi will continue to be important to our operations and future growth.

Seasonality

While seasonality has not been particularly prevalent in our historical results of operations due to the rapid growth of our business, we generally expect to experience higher sales in the fourth quarter, primarily attributable to the major shopping festivals across online e-commerce platforms such as "Singles' Day" and "Double Twelve." Given the impact of this seasonality, timely and effective forecasting and product supply and introductions for the peak seasons are critical to our operations.

Key Components of Our Results of Operations

Net revenues

We derive our revenues from three key business lines, (i) IoT-enabled smart home products, (ii) consumable products, and (iii) value-added businesses. Our IoT-enabled smart home products include our flagship smart water purification systems, smart kitchen products and other smart products. Consumable products include products complementary to our IoT products, such as water filters. Our value-added businesses include the sales of other related household products such as water quality meters, water filter pitchers, and stainless steel insulated water bottles, among others, as well as rendering of various services.

The following table sets forth the breakdown of our net revenues by business lines both as an absolute amount and as a proportion of net revenues for the periods indicated.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues:					
IoT-enabled smart home products	273,282	87.4	712,317	109,480	81.6
Smart water purification systems	250,442	80.1	570,784	87,728	65.4
Smart kitchen products	—	—	50,656	7,786	5.8
Other smart products	22,840	7.3	90,877	13,966	10.4
Consumable products	19,376	6.2	87,500	13,449	10.0
Value-added businesses[(1)]	19,916	6.4	73,402	11,281	8.4
Total	**312,574**	**100.0**	**873,219**	**134,210**	**100.0**

Note:

(1) Including sales of other products and rendering of services. See footnote (9) to the Consolidated Financial Statements for more details.

The following table sets forth the breakdown of our net revenues by brand and sales channel in both absolute amount and as a proportion of our net revenues, for the periods presented.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues:					
Xiaomi-branded products	280,501	89.7	654,950	100,663	75.0
Viomi-branded products and others					
to Xiaomi[(1)]	19,326	6.2	84,514	12,989	9.7
via our own and other sales channels[(2)]	12,747	4.1	133,755	20,558	15.3
Total	**312,574**	**100.0**	**873,219**	**134,210**	**100.0**

Notes:

(1) Including mainly water purifier filters used in Xiaomi-branded water purification systems.

(2) Including our online stores, various online platforms, and offline experience stores.

Smart water purification systems

Our smart water purification systems were the first product category we launched and sales of them have contributed a large portion of our historical revenues. While we expect the sales of smart water purification systems to continue to grow in absolute terms, as we continue to roll out new IoT products in other categories over time and generate additional revenues from our consumable products and value-added businesses, we expect our sources of revenues to continue to diversify both in terms of product as well as business mix. As a result, we expect the proportion of revenues attributable to the sales of smart water purification systems to decrease.

Smart kitchen products

With the goal of providing a truly holistic IoT @ Home lifestyle experience, we have continued to diversify and expand our product offerings, including our range of smart kitchen products. Smart kitchen

products refer to our range of IoT products that cater to the kitchen scenario in the home environment, including refrigerators, oven steamers, dishwashers, range hoods and gas stoves. As the sales of these product categories continue to ramp up and we continue to introduce additional new products, we expect the proportion of revenues attributable to the sales of smart kitchen products to increase.

Other smart products

In addition to our smart water purification systems and smart kitchen products, we also offer a diverse array of other IoT products as part of our Home OS platform. In the historical periods, we derived revenues under this product line from sales of our smart water kettles. In 2018, we began to introduce a portfolio of other smart appliances, including washing machines, water heaters, among others. As the sales of these categories continue to ramp up and we continue to introduce additional new products, we expect the percentage of net revenues attributable to the sales of other smart products to increase.

Consumable products

We also generate revenues through sales of a range of consumable products complementary to our IoT products, such as water purifier filters. Sales of these consumables generate additional, recurring and ongoing revenues streams across the life cycle of the IoT products with minimal customer acquisition costs. The growth of our consumable products business will depend on the size of our IoT products' household users.

Value-added businesses

Revenues from the value-added businesses include revenues from the sales of other related household products such as water quality meters, water filter pitchers, and stainless steel insulated water bottles, among others, as well as service fees from rendering various services. Historically, revenues from the value-added businesses have predominantly comprised of related household product sales. As we ramp up our value-added businesses together with our ecosystem partners, we expect to generate additional revenues from, for example, service fees related to e-commerce transactions conducted through integrated platforms embedded within our IoT products.

Brands

In terms of brand, we historically derived a large portion of our revenues from Xiaomi-branded products, in particular, Xiaomi-branded smart water purification systems. We sell Xiaomi-branded products directly to Xiaomi, who then sells these products through its retail channels to consumers. In recent years, we have made significant efforts to ramp-up sales of Viomi-branded products through new product development and the introduction of new product categories. We sell Viomi-branded products via a number of sales channels, including Xiaomi channels, our omnichannel retail network, as well as third-party online platforms.

Cost of revenues

Our cost of revenues primarily consists of material costs, estimated warranty costs, manufacturing and fulfillment costs, salaries and benefits for staff engaged in production activities and related expenses that are directly attributable to the production of products. We procure a variety of raw materials and components from third-party suppliers, and outsource our manufacturing and order fulfillment activities to third parties. Our product costs fluctuate with the costs of raw materials and underlying product components as well as the prices we are able to negotiate with our contract manufacturers and raw material and component suppliers.

The following table sets forth our cost of revenues, in absolute amount and as a proportion of our total net revenues, for the periods presented.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Cost of revenues	232,544	74.4	598,036	91,915	68.5

Gross profit and gross profit margin

Our gross profit margin is affected by changes in our product and business mix as well as our cost of revenues. Please see "—Key Factors Affecting our Results of Operations—Product and business mix" for more details. The table below sets forth our gross profit in absolute amount and gross profit margin of products and services by category for the periods indicated.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Gross profit and gross profit margin:					
IoT-enabled smart home products	66,603	24.4	212,578	32,673	29.8
Smart water purification systems	58,594	23.4	170,996	26,282	30.0
Smart kitchen products	—	—	15,669	2,408	30.9
Other smart products	8,009	35.1	25,913	3,983	28.5
Consumable products	8,732	45.1	39,377	6,052	45.0
Value-added businesses	4,695	23.6	23,228	3,570	31.6
Total	**80,030**	**25.6**	**275,183**	**42,295**	**31.5**

Operating Expenses

Our operating expenses can be classified into three categories: general and administrative, research and development, and selling and marketing. The following table sets forth the components of our operating expenses, both in absolute amount and as a proportion of our net revenues, for the periods presented.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Operating expenses:					
General and administrative	14,386	4.6	15,818	2,431	1.8
Research and development	29,926	9.6	60,749	9,337	7.0
Selling and marketing	20,929	6.7	95,296	14,648	10.9
Total	**65,241**	**20.9**	**171,863**	**26,416**	**19.7**

General and administrative. General and administrative expenses consist primarily of salaries, welfare, and share-based compensation expenses for management and administrative personnel. Within the total general and administrative expenses incurred in 2016 and 2017, RMB6.9 million and RMB3.3 million (US$0.5 million) were share-based compensation expenses, respectively, which were mainly due to the options we granted to certain of our employees.

Research and development. Our research and development expenses primarily consist of salaries and benefits and share-based compensation expenses for research and development personnel, materials, general expenses and depreciation expenses associated with research and development activities. We expect our research and development expenses to increase in absolute amount as we expand our team of technology and product development professionals and continue to invest in our technology infrastructure to enhance our big data analytics and smart home solutions.

Selling and marketing. Our selling and marketing expenses primarily consist of (i) advertising and market promotion expenses, (ii) shipping expenses and (iii) salaries and welfare for sales and marketing personnel. We bear the advertising and marketing expenses for our Viomi-branded products. We do not bear such expenses for Xiaomi-branded products. We expect that our selling and marketing expenses to increase in absolute amount as we continue to strengthen our brand recognition and expand our user base.

Other income

Other income primarily consists of government grants received from local government authorities to encourage our technology development and innovation. These amounts are paid in the discretion of the relevant governmental authorities, and there is no assurance that we will receive such grants in future periods.

Results of Operations

The following table sets forth a summary of our consolidated income for the periods presented, both in absolute amount and as a proportion of our net revenues for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus.

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues[(1)]	312,574	100.0	873,219	134,210	100.0
Cost of revenues	(232,544)	(74.4)	(598,036)	(91,915)	(68.5)
Gross profit	80,030	25.6	275,183	42,295	31.5
Operating expenses[(2)]:					
Research and development expenses[(2)]	(29,926)	(9.6)	(60,749)	(9,337)	(7.0)
Selling and marketing expenses[(2)]	(20,929)	(6.7)	(95,296)	(14,648)	(10.9)
General and administrative expenses[(2)]	(14,386)	(4.6)	(15,818)	(2,431)	(1.8)
Total operating expenses	(65,241)	(20.9)	(171,863)	(26,416)	(19.7)
Other (expenses) income	(481)	(0.2)	2,236	344	0.3
Income from operations	14,308	4.6	105,556	16,223	12.1
Interest (expenses) income	(296)	(0.1)	2,402	369	0.3
Income before income tax benefit (expenses)	14,012	4.5	107,958	16,592	12.4
Income tax benefit (expenses)	2,247	0.7	(14,718)	(2,262)	(1.7)
Net income	16,259	5.2	93,240	14,330	10.7

Note:

(1) Includes RMB299.8 million and RMB739.5 million (US$113.7 million) from sales to Xiaomi for the years ended December 31, 2016 and 2017, respectively.

(2) Share-based compensation expenses were allocated as follows:

	For the Year ended December 31,		
	2016	2017	
	RMB	RMB	US$
	(in thousands)		
General and administrative expenses	6,863	3,303	508
Research and development expenses	3,464	1,903	292
Selling and marketing expenses	251	615	95
Total	10,578	5,821	895

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Net revenues

Our net revenues increased by 179.4% from RMB312.6 million in 2016 to RMB873.2 million (US$134.2 million) in 2017, primarily due to a significant increase in demand for our IoT products, including our smart water purification systems, consumable products as well as value-added businesses, together with the successful introduction of our smart kitchen products in 2017 increased product categories on offer, and expanded distribution channels, including the rollout of additional Viomi offline experience stores.

Sales of smart water purification systems continued to be the major contributor to our revenues, representing 80.1% and 65.4% of our net revenues in 2016 and 2017, respectively, and recorded strong year-over-year revenues growth of 127.9% in 2017. However, the launch of our line of smart kitchen products in 2017, together with increasing revenues from our consumable products and value-added

businesses as a result of the growth in our number of household users all contributed to the diversification of our revenues in terms of product, business, as well as brand mix.

Cost of revenues

Our cost of revenues increased by 157.2% from RMB232.5 million in 2016 to RMB598.0 million (US$91.9 million) in 2017, largely as a result of our sales growth.

Gross profit

Our gross profit increased by 243.8% from RMB80.0 million in 2016 to RMB275.2 million (US$42.3 million) in 2017, largely as a result of our sales growth.

Our gross margin improved from 25.6% to 31.5% for the same periods, which was primarily due to greater economies of scale and improved operating efficiency, as well as increasing contribution from consumable products, which tend to have higher gross margins. As we continue to diversify our revenues streams, our gross margins may be impacted by changes in our product and business mix. Please see "—Key Factors Affecting our Results of Operations—Product and business mix" for more details. For example, different product categories may have different gross margins due to various factors, including our pricing strategy, target customer demographic as well as raw material and production costs, among others. From time to time, we may price certain flagship products at competitive prices to facilitate initial customer acquisition and entry in the family home, which may negatively affect our gross margins in the near term. In addition, the proportionate contributions of our various business lines, which tend to have different gross margins, to our net revenues may change over time as we continue to grow our business and increase our number of household users. As such, our combined gross margin may be affected both by any change in revenues attributable to, and any change in the gross margin of, each business line.

Operating Expenses

Our operating expenses increased by 163.4% from RMB65.2 million in 2016 to RMB171.9 million (US$26.4 million) in 2017, primarily due to the rapid growth of our business and the expansion of our user base.

General and administrative. General and administrative expenses increased by 10.0% from RMB14.4 million in 2016 to RMB15.8 million (US$2.4 million) in 2017. This increase was primarily due to a RMB2.1 million (US$0.3 million) increase in employment benefits and training expenses and a RMB2.0 million (US$0.3 million) increase in renovation costs, which were in turn due to the growth of our headcount and business.

Research and development. Research and development expenses increased by 103.0% from RMB29.9 million in 2016 to RMB60.7 million (US$9.3 million) in 2017, primarily due to a RMB15.4 million (US$2.4 million) increase in personnel-related costs and new product launches.

Selling and marketing. Selling and marketing expenses increased by 355.3% from RMB20.9 million in 2016 to RMB95.3 million (US$14.6 million) in 2017. This increase was primarily due to a RMB31.6 million (US$4.9 million) increase in advertising, marketing and brand promotion costs and a RMB17.4 million (US$2.7 million) increase in logistics expenses. The increase in advertising, marketing and brand promotion costs was due to our increased marketing activities to strengthen our brand recognition and expand our user base. The increase in logistics expenses costs was primarily due to the growth of our business.

Income tax benefit (expense)

We had an income tax benefit of RMB2.2 million in 2016, and income tax expenses of RMB14.7 million (US$2.3 million) in 2017. The tax benefit in 2016 was due to the change in valuation allowance for deferred tax assets. As of December 31, 2015, we provided full valuation allowance for the deferred tax assets because at that time we determined that it was more likely than not that the deferred tax assets would not be utilized in the near future. However, for the years ended December 31, 2016 and 2017, our VIE Foshan Viomi reported a profit, and a majority of the net operating loss of Foshan Viomi has been utilized in 2016. Therefore, the valuation allowance related to deferred tax assets of Foshan Viomi was released in 2016, which resulted in the income tax benefit.

Net income

As a result of the foregoing, we recorded a net income of RMB93.2 million (US$14.3 million) in 2017, which increased substantially as compared to a net income of RMB16.3 million in 2016.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax. From the year of assessment 2018/2019 onwards, profits tax is imposed on corporations at the rate of 8.25% on assessable profits up to HK$2,000,000; 16.5% on any part of assessable profits over HK$2,000,000 and on unincorporated businesses at 7.5% on assessable profits up to HK$2,000,000; and 15% on any part of assessable profits over HK$2,000,000. No Hong Kong profit tax has been levied as we did not have an assessable profit that was earned in or derived from the Hong Kong subsidiary during the periods presented. Hong Kong does not impose a withholding tax on dividends.

China

Generally, our PRC subsidiary, variable interest entities and their subsidiaries, which are considered PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%. However, according to the PRC Enterprise Income Tax Law, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. One of our VIEs, Foshan Viomi, has obtained High and New Technology Enterprise Certificate and is thus eligible to enjoy a preferential tax rate of 15%, to the extent it has taxable income under the PRC Enterprise Income Tax Law.

Dividends paid by our wholly foreign-owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income with respect to Taxes on Income and Capital and receives approval from the relevant tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the relevant tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends paid by our PRC subsidiary to fund any cash and financing requirements we may have. Any

limitation on the ability of our PRC subsidiary to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

For the foreseeable future, we intend to use all the undistributed earnings of our variable interest entities and their subsidiaries incorporated in the PRC for our business operations and do not plan to have our PRC subsidiary distribute any dividend. Therefore, no withholding tax is expected to be incurred in the foreseeable future.

Liquidity and Capital Resources

Cash flows and working capital

To date, we have financed our operations primarily through cash generated by operating activities and historical equity financing activities. As of December 31, 2016 and 2017, we had cash and cash equivalents of RMB156.9 million and RMB280.0 million (US$43.0 million), respectively. Our cash and cash equivalents primarily consist of cash on hand, demand deposits and highly liquid investments placed with banks. We believe that our cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months.

Although we consolidate the results of our VIEs, we only have access to cash balances or future earnings of our VIEs through our contractual arrangements with them. See "Corporate History and Structure." For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see "—Holding Company Structure."

Substantially all of our net revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and trade- and service-related foreign exchange transactions can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiary is allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiary to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiary is required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Historically, our PRC subsidiary has not paid dividends to us, and it will not be able to pay dividends until it generates accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks.

The restricted net assets of our PRC subsidiary and VIEs amounted to RMB12.5 million and RMB18.8 million (US$2.9 million) as of December 31, 2016 and 2017, respectively. The unrestricted portion, or amounts otherwise available for transfer in the form of dividends, loans or advances amounted to RMB34.1 million and RMB121.3 million (US$18.6 million) as of December 31, 2016 and 2017, respectively.

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our wholly foreign-owned subsidiaries in China only through loans or capital contributions, subject to the approval of government authorities and limits on the amount of capital contributions and loans. In addition, our wholly foreign-owned subsidiaries in China may provide Renminbi funding to their respective subsidiaries through capital contributions and entrusted loans, and to our consolidated variable interest entities only through entrusted loans. See "Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business" and "Use of Proceeds."

The following table sets forth a summary of our cash flows for the periods presented:

	For the year ended December 31,		
	2016	2017	
	RMB	RMB	US$
		(in thousands)	
Summary Consolidated Cash Flow Data:			
Net cash provided by operating activities	15,499	123,906	19,044
Net cash used in investing activities	(1,609)	(1,234)	(190)
Net cash provided by financing activities	12,999	2,671	411
Effect of exchange rate changes on cash and cash equivalents	2,913	(2,321)	(357)
Net increase in cash and cash equivalents	29,802	123,022	18,908
Cash and cash equivalents at beginning of the year	127,128	156,930	24,120
Cash and cash equivalents at end of the year	156,930	279,952	43,028

Operating activities

Net cash provided by operating activities was RMB123.9 million (US$19.0 million) in 2017. The difference between net cash provided by operating activities and our net income of RMB93.2 million (US$14.3 million) was mainly due to RMB5.8 million (US$0.9 million) in share-based compensation, as well as the effect of changes in working capital of RMB23.9 million (US$3.7 million). The changes in working capital were mainly due to a RMB218.6 million (US$33.6 million) increase in accounts payable, a RMB43.1 million (US$6.6 million) increase in accrued expenses and other liabilities, and a RMB19.3 million (US$3.0 million) increase in advances from customers, partially offset by a RMB204.5 million (US$31.4 million) increase in accounts receivable from a related party, a RMB26.6 million (US$4.1 million) increase in inventories and a RMB25.8 million (US$4.0 million) increase in other receivables from related parties. The increases in accounts payable, advances from customers, and inventories were due to the rapid growth of our business. The accounts receivable from a related party represent sales receivable of smart water purifiers and accessories to Xiaomi, the increase of which reflected the growth of our sales to Xiaomi.

Net cash provided by operating activities was RMB15.5 million in 2016. The difference between net cash provided by operating activities and our net income of RMB16.3 million was mainly due to the effect of changes in working capital of RMB12.0 million, partially offset by RMB10.6 million in share-based compensation. The changes in working capital were mainly due to a RMB33.1 million increase in accounts receivable from a related party, and a RMB7.4 million increase in prepaid expenses and other current assets, partially offset by a RMB12.1 million increase in accounts payable and a RMB11.2 million increase in accrued expense and other liabilities. The increase in accounts payable was due to the growth of our

business. The accounts receivable from a related party represent sales receivable of water purifiers and accessories to Xiaomi, the increase of which reflected the growth of our sales to Xiaomi.

Investing activities

We used RMB1.2 million (US$0.2 million) and RMB1.6 million in purchase of equipment in 2017 and 2016, respectively.

Financing activities

Net cash provided by financing activities was RMB2.7 million (US$0.4 million) in 2017 that the Company received from Red Better with the understanding that RMB2.5 million will be repaid to TianJin Jinxing in the PRC.

Net cash provided by financing activities was RMB13.0 million in 2016, which was attributable to proceeds from our issuance of series A preferred shares to investors.

Working capital turnover

Inventory

Our inventory consists of finished products and raw materials. As of December 31, 2016 and 2017, our inventory was RMB24.2 million and RMB50.7 million (US$7.8 million), respectively. The increase reflected the growth in our sales. Our inventory turnover days was 23 days in 2017. Inventory turnover days for a given period are equal to average of the balances of inventories, net of allowance for doubtful accounts, at the beginning and the end of the period divided by cost of revenues during the period and multiplied by the number of days during the period.

Accounts receivable

Our accounts receivable represent primarily accounts receivable from Xiaomi as well as accounts receivable from third parties. As of December 31, 2016 and 2017, our accounts receivable, net of allowance for doubtful accounts, were RMB45.0 million and RMB253.9 million (US$39.0 million), respectively. The increase reflected a significant growth in our business and revenues. Our accounts receivable turnover days was 68 days in 2017. Accounts receivable turnover days for a given period are equal to average of the balances of accounts receivable, net of allowance for doubtful accounts, at the beginning and the end of the period divided by net revenues during the period and multiplied by the number of days during the period.

Accounts payable

Our accounts payable represent primarily accounts payable to contract manufacturers. As of December 31, 2016 and 2017, our accounts payable were RMB73.0 million and RMB291.6 million (US$44.8 million), respectively. The increase reflected the growth of our sales. Our accounts payable turnover days was 112 days in 2017. Accounts payable turnover days for a given period are equal to average of the balances of accounts payable, net of allowance for doubtful accounts, at the beginning and the end of the period divided by cost of revenues during the period and multiplied by the number of days during the period.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2017.

	For the year ended December 31,				
	Total	2018	2019	2020	2021 and after
	(in RMB thousands)				
Operating lease commitments[1]	9,191	2,448	2,237	1,869	2,637

Note:

(1) Operating lease commitments consist of the commitments under the lease agreements for our office premises.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2017.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Holding Company Structure

Viomi Technology Co., Ltd is a holding company with no material operations of its own. We conduct our operations primarily through our VIEs and their subsidiaries in China. As a result, Viomi Technology Co., Ltd's ability to pay dividends depends upon dividends paid by our PRC and Hong Kong subsidiaries, our VIEs and their subsidiaries in China. If our existing subsidiaries or controlled entities or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiary in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiary, our VIEs and their subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, our wholly foreign-owned subsidiary in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and each of our variable interest entities and their subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by the SAFE. Our PRC subsidiary has not paid dividends and will not be able to pay dividends until it generates accumulated profits and sets aside statutory reserve funds as required by PRC law.

Inflation

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2016 and December 2017 were increases of 2.1% and 1.8%, respectively. Although we have not been materially affected by inflation, we may be affected if China experiences higher rates of inflation in the future.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

Substantially all of our net revenues and expenses are denominated in Renminbi. Our exposure to foreign exchange risk primarily relates to cash and cash equivalents denominated in U.S. dollars. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at certain times significantly and unpredictably. With the development of the foreign exchange market progressing towards interest rate liberalization and Renminbi internationalization and economic uncertainties in both China and the world, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

We estimate that we will receive net proceeds of approximately US$ million from this offering [if the underwriters do not exercise their option to purchase additional ADSs,] after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, based on the initial offering price of US$ per ADS. Assuming that we convert the full amount of the net proceeds from this offering into Renminbi, a 10% appreciation of the U.S. dollar against the Renminbi, based on the exchange rate of RMB6.5063 for US$1.00 as of December 29, 2017 to a rate of Renminbi to US$1.00, would result in an increase of RMB million in our net proceeds from this offering. Conversely, a 10% depreciation of the U.S. dollar against the Renminbi, based on the exchange rate of RMB6.5063 for US$1.00 as of December 29, 2017 to a rate of Renminbi to US$1.00, would result a decrease of RMB million in our net proceeds from this offering.

Interest Rate Risk

Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which we address our internal control over financial reporting. In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2016 and 2017, we and our independent registered public accounting firm identified three material weaknesses in our internal

control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified related to (i) our lack of sufficient resources regarding financial reporting and accounting personnel with understanding of U.S. GAAP, in particular, to address complex U.S. GAAP technical accounting issues, related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, (ii) lack of comprehensive U.S. GAAP accounting policies and financial reporting procedures and (iii) lack of an effective control procedure to track and estimate warranty provision relating to our products sold to ensure accuracy. To remedy identified material weaknesses, we have implemented, and plan to continue to implement, several measures, including:

- hiring additional competent and qualified accounting and reporting personnel with appropriate knowledge and experience of U.S. GAAP and SEC financial reporting requirements;
- establishing an ongoing program to provide sufficient and additional appropriate training to our accounting staff, especially trainings related to U.S. GAAP and SEC financial reporting requirements;
- formulating internal accounting and internal control guidance on U.S. GAAP and SEC financial reporting requirements; and
- allocating additional resources to formalize the manual tracking process of warranty services and establishing a review procedure over estimation of warranty provision.

However, we cannot assure you that we will remediate our material weaknesses in a timely manner. See "Risk Factors—Risks Related to Our Business and Industry—In connection with the audit of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud."

As a company with less than US$1.07 billion in revenues for fiscal year of 2017, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting.

Critical Accounting Policies, Judgments and Estimates

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this prospectus. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Revenue recognition

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09") and subsequently, the FASB issued several amendments which amend certain aspects of the guidance in ASC 2014-09 (ASU No. 2014-09 and the related amendments are collectively referred to as "ASC 606"). According to ASC 606, revenue is recognized when control of the promised good or service is transferred to the customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We will enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns, and any taxes collected from customers, which are subsequently remitted to governmental authorities. We adopted ASC 606 for all periods presented.

Our revenue is primary derived from (i) sales of IoT-enabled smart home products including the flagship smart water purification systems, smart kitchen products, and other smart products, (ii) sales of consumable products complementary to our IoT-enabled smart home products, such as water purifier filters, (iii) sales of other related household products such as water quality meters, water filter pitchers, stainless steel insulated water bottles, among others, as well as rendering of various services.

We conduct our business through various contractual arrangements, including:

- Cooperation with Xiaomi. Under the business cooperation agreement entered between us and Xiaomi, we are responsible for design, research, development, production and delivery of certain types of water purifiers and affiliated products using the brand name of "Xiaomi," or Xiaomi-branded products, and Xiaomi is then responsible for commercial distributions and terminal sales of the products supplied by us.

- Sales via our own and other sales channels, including our own online stores, other online platforms, and Viomi offline experience stores operated by our network partners. Under the cooperation agreements with our network partners we on-sell products to the stores, who are responsible for the subsequent sales to end customers. We also conduct online direct sales to end customers via several online platforms, including both self-owned and other online platforms.

Cooperation with Xiaomi

In 2016 and 2017, we generated a majority of our revenues from sales of certain types of Xiaomi-branded water purifiers and related products.

The sales arrangement includes two installment payments. The first installment is priced to recover the costs incurred by us in developing, producing and shipping the products to this customer and is due from the customer to us upon acceptance by the customer after delivery. We are also entitled to receive a potential second installment payment calculated as 50 percent of the future gross profits from sales made by this customer. Accordingly, we determine the sales price as the fixed first installment payment plus the variable second installment payment to the extent that it is probable that revenue reversal will not occur when settling with the customer subsequently. We estimate the variable consideration using the expected value method. In assessing the variable second installment payment, we take into consideration the historical experience with that customer, that customer's sales price of the same or similar products as at the report date as well as the recent market trend.

Revenue from Xiaomi is recognized upon acceptance by this customer after delivery, which is considered at the time the control of the products is transferred to Xiaomi. Revenue from Xiaomi does not meet the criteria to be recognized over time since (i) even if the products use "Xiaomi" brand, it does not require significant rework to make them suitable to be sold to other customers, (ii) under the cooperation agreement, we do not have the right of payment for the work performed to date.

Sales through our own and other sales channels

We recognize revenue for each of the distinct performance obligations identified in accordance with the applicable revenue recognition method relevant for that obligation. Revenue relating to the sales of products is recognized upon acceptance by the customer after delivery, and revenue relating to the installation services is recognized when the service is rendered.

Certain products including Viomi-branded water purifiers require installation before being ready for use. For such products sold through our online stores, other online platforms, and Viomi offline experience stores operated by our network partners, the end customers have the right without expiry date, to ask us to provide installation service. No separate installation service fee is charged to end customers. The installation service is considered being distinct and accounted for as a separate performance obligation in addition to the sales of products after considering that the products and installation services are not inputs into a combined item the end customer has contracted to receive and we can fulfill our promise to transfer each of the products or services separately and do not provide any significant integration, modification, or customization services. However, customers do not always exercise their rights to ask us to provide installation services as the installation of Viomi-branded water purifiers is not complicated and could be done by end customers themselves. Therefore, we expect to be entitled to a breakage amount in the contract liabilities related to installation services. We estimate the breakage portion based on historical customers' requests for provision of installation services after the customers' acceptance of products and recognize estimated breakage as revenue in proportion to the pattern of rights exercised by end customers. The assessment of estimated breakage would be updated on a quarterly basis. Changes in estimated breakage should be accounted for by adjusting contract liabilities to reflect the remaining rights expected to be exercised.

Judgment is required to determine standalone selling price for each distinct performance obligation and we then allocate the arrangement consideration to the separate accounting of each distinct performance obligation based on its relevant standalone selling price. The standalone selling price of the products is determined based on adjusted market assessment approach by estimating the price the customer is willing to pay for the product without installation service. For the standalone selling price of the installation services, We determine it by referring to actual costs charged by the third-party vendors which are engaged by us for provision of installation services, plus an estimated profit margin of 5% based on consideration of both company specific and relevant market factors.

Sales returns and sales incentives

Except for product quality issues, we do not allow sales returns from Xiaomi or sales through our offline sales channels. Pursuant to consumer protection law, our customers have an unconditional right to return the products purchased through online platforms within 7 days. We base our estimates of sales returns on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

We may provide sales incentives in the forms of discounts or cash to customers through online platforms in a bundle transaction and revenue is recognized on a net basis after such sales incentives are allocated based on the relevant standalone selling prices for respective products. In addition, we may also provide sales rebates to certain third-party distribution partners based on purchase volume, which are accounted for as variable consideration. We estimate these amounts based on the expected amount to be

provided to our network partners considering the contracted rebate rates and estimated sales volume based on historical experience, and reduce revenues recognized.

Warranty

We offer product warranty pursuant to standard product quality required by consumer protection law. The warranty period is calculated starting from the date when products are sold to the end customers. We have the obligation, at the customer's sole discretion, to either repair or replace the defective product. The customers cannot separately purchase the warranty and the warranty doesn't provide the customer with additional service other than assurance that the product will function as expected. Therefore, these warranties are accounted for in accordance with ASC 460 Guarantees. At the time revenue is recognized, an estimate of warranty expenses is recorded. The reserves established are regularly monitored based upon historical experience and any actual claims charged against the reserve. Warranty reserves are recorded as cost of revenues.

Fair value of ordinary shares

In determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation expenses in connection with restricted shares owned by our founder, restricted shared owned by our founder on behalf of certain management and share options under the 2015 Share Incentive Plan, as well as the re-measurement date fair value for restricted shares owned by the founder which have been classified as liability awards, we, with the assistance of AVISTA Valuation Advisory Limited, evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate the enterprise value of our company and income approach (discounted cash flow, or DCF method) was relied on for value determination with market approach (guideline companies method, or GCM) taken as reference.

DCF method of the income approach involves applying appropriate weighted average cost of capital, or WACC, to discount the future cash flows forecast, based on our best estimates as of the valuation date, to present value. The WACC was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors.

GCM under the market approach was adopted as reference of the equity valuation for our company. GCM employs trading multiples method of selected public comparable companies including trailing and leading enterprise value/revenues multiples.

In deriving the equity value of each class of shares, we applied the Option Pricing Method. The Option Pricing Method treats different classes of shares as call options on the total equity value, with exercise prices based on the liquidation preference or redemption amount of the relevant classes of shares. Under this method, the ordinary share has value only if the fund available for distribution to shareholders exceeds the value of liquidation preference or redemption amounts at the time of a liquidity event, assuming the enterprise has funds available to pay for liquidation preference or redemption. Given the nature of the different classes of shares, the modeling of different classes of capital as call options on company's enterprise value is analyzed and the values of different classes of shares were derived accordingly.

We also applied a discount for lack of marketability, or DLOM, which was quantified by the Black-Scholes option pricing model. Under this option-pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

The determination of the equity value requires complex and subjective judgments to be made regarding prospects of the industry and the products at the valuation date, our projected financial and operating results, our unique business risks and the liquidity of our shares.

We have therefore estimated, with assistance from AVISTA Valuation Advisory Limited, the fair value of our ordinary shares at certain dates in 2016 and 2017 for the following purposes:

(a) to determine the fair value of our ordinary shares as of the grant date of share-based compensation awards related to restricted shares owned by our founder on behalf of certain management and share options under the 2015 Share Incentive Plan as one of the inputs into determining the fair value of the awards as of the grant date; and

(b) to determine the fair value of our ordinary shares as of the grant date and re-measurement date of share-based compensation awards related to restricted shares owned by the founder as one of the inputs into determining the fair value of the awards as of the grant date and re-measurement date.

The following table sets forth the fair values of our ordinary shares estimated from June 30, 2016 to the date of this prospectus:

Date of valuation	Fair value per share (US$)	Discount for lack of marketability (DLOM)	Discount rate
June 30, July 1 and July 2, 2016	0.51	30%	18.3%
September 30, 2016	0.58	30%	18.3%
December 31, 2016 and January 1, 2017	0.76	30%	17.2%
March 31 and April 1, 2017	0.81	30%	17.0%
June 30 and July 1, 2017	1.21	20%	15.6%
September 30, 2017	1.47	20%	15.1%
December 24, 2017	1.59	20%	15.5%
December 31, 2017	1.60	20%	15.5%

The increase in the fair value of our ordinary shares from US$0.51 per share as of June 30, 2016 to US$1.60 per share as of December 31, 2017 was primarily attributable to continuous organic growth of our business and more certainty over the timing of our initial public offering.

Share-based compensation

Share-based compensation expenses arise from share based awards, mainly including restricted shares held by our management and share options for the purchase of ordinary shares. We account for share-based awards granted to our management in accordance with ASC 718 Stock Compensation.

Before the reorganization, pursuant to certain equity interest investment entered into by and between the founder and Xiaomi dated as of June 6, 2014, the restricted shares held by our management were subject to a repurchase feature under which Xiaomi shall purchase the interest held by our management at the original investment amount if our management voluntarily terminate their employment with Foshan Viomi. The restricted shares should be classified as equity classified awards as the underlying shares of the awards are ordinary shares of Foshan Viomi and the awards do not contain any of the characteristics of liability awards described in ASC718. The restricted shares are accounted for as share-based compensation based on the grant date fair value over the vesting period.

After the reorganization completed in July 2015, the repurchase feature remains, however, it became our Company's right, and not the obligation, to repurchase. With respect to the remaining unvested interest granted to the founder on behalf of certain key management founders, the underlying shares changed from ordinary shares of Foshan Viomi to Class A Ordinary Shares of the Company. These shares remain to be equity classified awards as they do not contain any characteristics of a liability award and were continually accounted for as share-based compensation based on the grant date fair value over the remaining vesting period. With respect to the remaining unvested interest granted to the Founder, the underlying shares changed from ordinary shares of Foshan Viomi to redeemable class B ordinary shares of the Company, which are redeemable convertible shares. These awards have been reclassified as liability classified awards as the underlying class B ordinary shares are redeemable at a fixed price plus 6% interest

per year at the option of the holder if there is no qualified IPO after a certain period of time. According to ASC718, such awards effectively consist of: (1) a liability component representing the company's obligation to pay the redemption price if the holder chooses to redeem, and (2) an equity component representing the fair value of the upside potential of the class B ordinary shares, measured using an option pricing model. At the time of the modification, the Company compared the fair value of the original award immediately before the modification, and the total fair value of the liability component and the equity component immediately after the modification. The incremental compensation amount is recognized over the remaining vesting period. The amount related to the liability component is recorded as a liability measured at the redemption price, subsequently accreted at 6% per year to reflect the increase in redemption price over time according to the terms of the class B ordinary shares, until the award is settled. The liability award is considered settled only upon redemption or IPO, when the class B ordinary shares are converted to class A ordinary shares at which time, the redemption feature would expire.

For share options for the purchase of ordinary shares granted to our employees determined to be equity classified awards, the related share-based compensation expenses are recognized in our consolidated financial statements based on the grant date fair values which are calculated using the binomial option pricing model. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends. The fair value of our ordinary shares is assessed using the income approach/discounted cash flow method, with a discount for lack of marketability, given that the shares underlying the awards were not publicly traded at the time of grant. Share-based compensation expenses are recorded net of estimated forfeitures using graded-vesting method during the service period requirement, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

Share options

On September 17, 2015, our board of directors approved the establishment of 2015 Share Incentive Plan, the purpose of which is to provide an incentive for employees contributing to us. The 2015 Share Incentive Plan is valid and effective for 10 years from the grant date. The maximum number of shares that may be issued pursuant to all awards (including incentive share options) under 2015 Share Incentive Plan is 12,727,272 shares.

In 2016 and 2017, we granted 1,860,000 and 2,700,000 share options to our employees pursuant to the 2015 Share Incentive Plan.

We calculated the estimated fair value of the options on the respective grant dates using the binomial option pricing model with assistance from AVISTA Valuation Advisory Limited. Assumptions used to determine the fair value of share options granted during 2016 and 2017 are summarized in the following table:

	2016	2017
Risk-free interest rate	2.86%	3.06% - 3.89%
Expected volatility	50.14% - 50.15%	47.02% - 49.44%
Expected life of option (years)	10	10
Expected dividend yield	—	—
Fair value per ordinary share	US$0.51	US$0.76 - US$1.59

Risk-free interest rate. Risk-free interest rate was estimated based on the yield to maturity of China Government Bond with a maturity period close to the contractual term of the options.

Expected life of option (years). Expected life of option (years) represents the expected years to vest the options.

Volatility. The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the contractual term of the options.

Dividend yield. The dividend yield was estimated by us based on its expected dividend policy over the contractual term of the options.

Redeemable convertible preferred shares

Pursuant to a shares purchase agreement, we issued certain class B ordinary shares to Mr. Chen and Xiaomi during the reorganization, and we also issued a total of 18,181,818 shares (with par value of US$0.0001) of series A preferred shares.

We classified the series A preferred shares and class B ordinary shares as mezzanine equity in the consolidated balance sheets because they were redeemable at the holders' option any time after a certain date and were contingently redeemable upon the occurrence of certain liquidation events outside of our control. The series A preferred shares and class B ordinary shares are recorded initially at fair value, net of issuance costs.

Prior to the reorganization, the 40% initial equity interests of Foshan Viomi held by the founder for himself has liquidation preference, and the 40% initial equity interests of Foshan Viomi held by Tianjin Jinxing has liquidation preference and also becomes redeemable in the event of a breach of contract by Foshan Viomi.

Upon completion of the reorganization, both Mr. Chen and Tianjin Jinxing's equity interests in Foshan Viomi were exchanged into 67,636,364 class B ordinary shares of us, respectively. After the reorganization, the most significant change in the provision is the addition of redemption clause which allows the holders of the class B ordinary shares to redeem the class B ordinary shares if there is no IPO after the fifth anniversary of the completion of the series A preferred share financing. This transaction was considered as an extinguishment of the previous equity interests and therefore, the class B ordinary shares are measured at their fair value on the extinguishment date.

We recognize changes in the redemption value ratable over the redemption period. Increases in the carrying amount of the redeemable preferred shares are recorded by charges against retained earnings, or in the absence of retained earnings, by charges as reduction of additional paid-in capital until additional paid-in capital is reduced to zero. Once additional paid-in capital is reduced to zero, the redemption value measurement adjustment is recognized as an increase in accumulated deficit.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-01 changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for fiscal years and interim periods within those years beginning after December 15, 2017. We do not expect the adoption of ASU 2016-01 to have a significant impact on our consolidated financial statements and associated disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)"("ASU 2016-02"), which requires lessees to recognize assets and liabilities for all leases with lease terms of more than 12 months on the balance sheet. Under the new guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. The ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018 and

early adoption is permitted on a modified retrospective basis. We are in the process of evaluating the impact of adopting this guidance.

In June 2016, the FASB issued ASU No. 2016-13 (ASU 2016-13), "Financial Instruments—Credit Losses", which introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including, but not limited to, trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires the entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. The standard also indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The ASU 2016-13 is effective for public companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are in the process of evaluating the impact of adopting this guidance.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)" ("ASU 2016-15"), which amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The ASU 2016-15 is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted. We do not expect the adoption of ASU 2016-15 to have a significant impact on our consolidated financial statements and associated disclosures.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2016-18"), which amends ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The ASU 2016-18 is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted. We do not expect the adoption of ASU 2016-18 to have a significant impact on our consolidated financial statements and associated disclosures.

In January 2017, the FASB issued ASU 2017-01 (ASU 2017-01), "Business Combinations (Topic 805): Clarifying the Definition of a Business", which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The standard introduces a screen for determining when assets acquired are not a business and clarifies that a business must include, at a minimum, an input and a substantive process that contribute to an output to be considered a business. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. We do not expect the adoption of ASU 2017-01 to have a significant impact on our consolidated financial statements and associated disclosures.

In May 2017, the FASB issued ASU 2017-09, "Compensation—Stock Compensation (Topic 718)" that provides additional guidance around which changes to a share-based payment award requires an entity to apply modification accounting. Specifically, an entity is to account for the effects of a modification, unless all of the following are satisfied: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; and (3) the classification of the modified award as an equity instrument or as a liability instrument is the same as the classification of the original award immediately before the original award is modified. For public entities, the update is effective beginning after December 15, 2017. Early adoption is permitted. We do not expect the adoption of ASU 2017-09 to have a significant impact on our consolidated financial statements and associated disclosures.

INDUSTRY

The information presented in this section have been derived from an industry report commissioned by us and prepared by iResearch, an independent research firm, regarding our industry and our market position in China. We refer to this report as the "iResearch Report."

Overview of IoT Consumption Scenarios

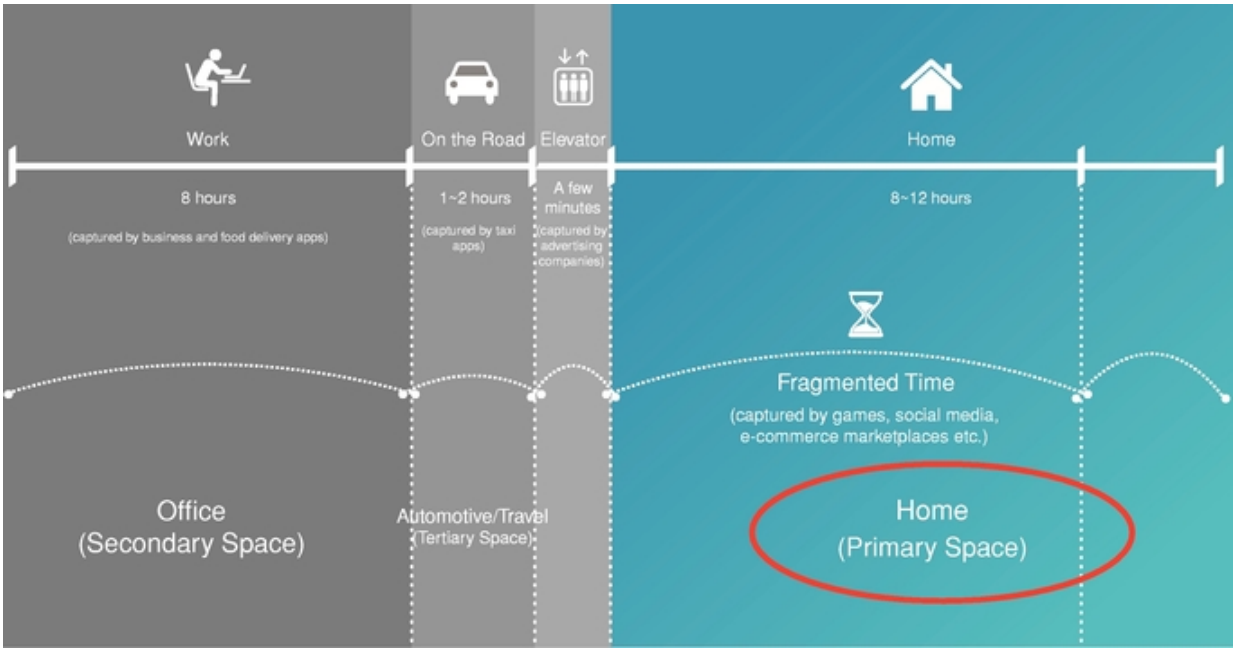
The IoT is an interconnected network of devices, or "things," that can communicate with one another through the internet. IoT consumer products are the next-generation consumer products that are connected through the internet and equipped with advanced features of receiving, processing, analyzing and transmitting data using a mobile app or other network devices.

Consumer-related applications of the IoT span across a variety of scenarios, including the home, office, automobile and on-the-go wearable devices, among others.

The IoT-enabled smart home scenario

Consumption scenarios in people's daily lives can be broadly categorized into time spent at home, at work, outdoors and travelling. Consumers tend to spend the most time at home in a day, making it the most convenient and natural consumption scenario, or the consumer's "primary space." People spend an average of 8 to 12 hours at home each day, which makes it a large and attractive scenario for monetization. Accordingly, gaining entry into the family home, for example through IoT-enabled smart home products, and being able to capture the various consumption scenarios that arise in the home environment provides huge monetization potential.

The diagram below illustrates different scenarios in a person's daily life.



Source: iResearch Report

Overview of IoT-enabled smart home products

IoT-enabled smart home products can be divided into four categories: smart white goods, smart brown goods, smart small appliances and other smart products:

- *Smart white goods.* Smart large electrical goods, traditionally white in color, smart refrigerators, smart washing machines, smart air conditioners, smart range hoods, smart stoves, smart sterilizers, smart dish-washing machines, smart ovens, smart microwaves, etc. White goods are also called major appliances.

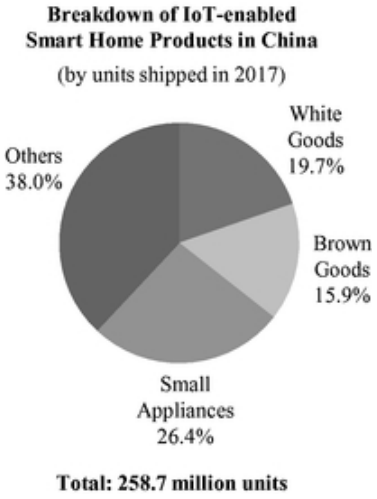
- *Smart brown goods.* Smart consumer electronics equipment generally for entertainment, and mainly includes televisions.

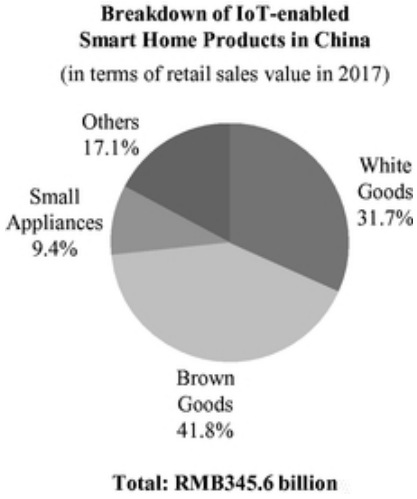
- *Smart small appliances.* Smart portable or semi-portable machines, generally used on table-tops, counter-tops or other platforms, to accomplish a household task, including smart water purifiers, smart water heaters, smart rice cookers, smart mixers, smart electric kettles, smart air purifiers, smart vacuum cleaners, smart electric fans, etc.

- *Other smart products.* Includes various IoT products such as smart door locks, smart cameras, smart gateways, smart sockets, smart security devices, smart windows, smart shading systems, etc.

Demand for IoT-enabled smart home products in China is growing rapidly. According to the iResearch Report, the market for IoT-enabled smart home products in China, a subset of the broader home appliances market, reached RMB345.6 billion (US$53.1 billion) in terms of retail sales in 2017, having grown at a CAGR of 26.5% from 2013. Please see "Business—The Market Opportunity" for more details. Key players in the IoT-enabled smart home products market in China include Viomi, Midea, Haier and Gree, among others.

The following charts set forth a breakdown by product category of China's IoT-enabled smart home products market, in terms of units shipped as well as retail sales value in 2017.

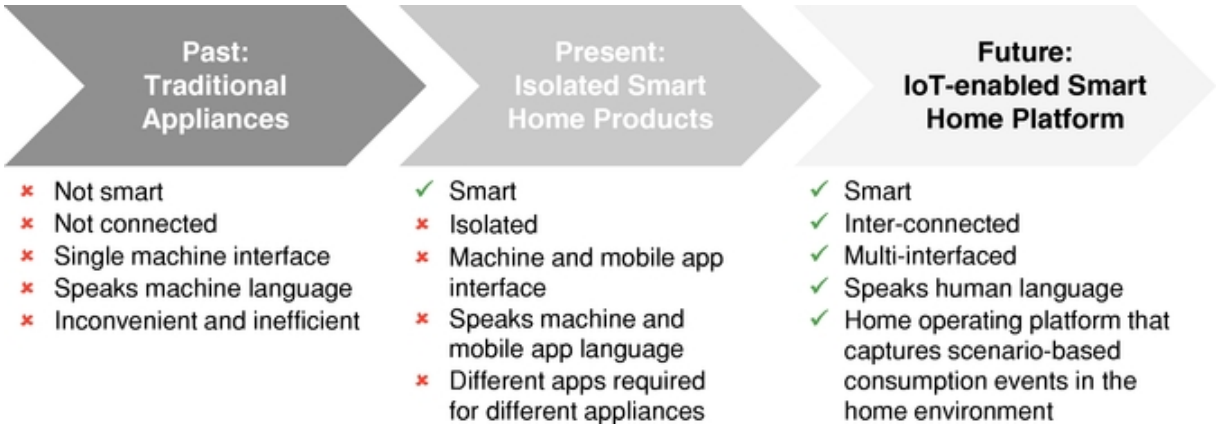




Source: iResearch Report

Development Stages of the IoT-enabled Smart Home Industry

The evolution of home appliances and IoT-enabled smart home products can be broadly divided into three developmental stages. The diagram below summarizes the key characteristics of the past, present and future development stages of home appliances and IoT-enabled smart home products:



Source: iResearch Report

Past: traditional appliances

Historically, traditional appliances performed a singular function, and were not intelligent or connected. Nevertheless, household appliances and electronics have generally been regarded as essential daily use items in the home environment given their importance to everyday lives.

Present: isolated smart home products

The past few years have seen a rapid increase in the use of connected home appliances that allow consumers to control and operate them remotely through mobile apps. For instance, an IoT water heater can be switched to the appropriate settings when consumers are on their way home from work, so they can enjoy warm water as soon as they walk in the door, but without having to keep water hot when there is no one there that needs it. While these home devices are connected to the internet, they are generally isolated from one another, requiring the consumer to download a number of different mobile apps to operate them. Instead of interacting with one unified ecosystem of interconnected home appliances through an integrated platform, the user must separately interact with each device, leading to growing demand for a more efficient solution.

Future: IoT-enabled smart home platform

The next stage of development is a seamless interconnected ecosystem of IoT-enabled smart home products. Within this ecosystem, home appliances can communicate with one another to optimize the user experience. A household's water purifier, for instance, will be able to identify water hardness level and send this information to the washing machine so that settings can be automatically adjusted accordingly. In addition, consumers will be able to access and control devices through multiple interfaces, at anywhere and anytime.

Advances in AI-powered voice-, facial- and gesture-recognition technologies will enable the IoT products companies to develop more human and intuitive user interfaces, enabling consumers to interact with appliances in an increasingly human-like manner. By transforming how consumers interact with their home appliances, AI and IoT-driven technologies could trigger shifts in consumer and consumption behavior that could create huge market opportunities.

As IoT-enabled smart home products become interconnected and more human-like, such an ecosystem can become the primary channel for communication within the home environment, which can facilitate scenario-based consumption scenarios. An IoT-enabled smart home platform can enable consumers to make purchase decisions as soon as the need arises from within the comfort of their own homes, for example, through integrated e-commerce platforms embedded within the respective IoT products. Predictive features can also anticipate when certain household supplies are running low and allow consumers to make the necessary purchases directly, eliminating the need to step out of the house or access other e-commerce marketplaces on their computer or mobile phones. Going forward, IoT-enabled smart home platforms have the potential to become the most convenient way to satisfy consumption needs in the home environment.

Comparison of US and China's IoT-enabled Smart Home Markets

The IoT-enabled smart home products market in the United States is built around an open IoT operating system that is provided by internet and technology giants through their smart speaker technology or smart home kits. Smart home products players make their devices compatible with these operating systems and are generally focused on developing IoT-enabled smart home products in specific verticals.

In contrast, the IoT-enabled smart home market in China is more vertically and horizontally integrated. There are several key factors that make China's IoT-enabled smart home unique and attractive:

- *Well-developed hardware manufacturing value chain.* China has historically been a key manufacturing base for appliances and consumer electronics. Hence, Chinese IoT products companies are able to enjoy certain advantages in terms of procurement and manufacturing efficiency.

- *Consumer receptiveness to innovative technology and smart products.* Chinese consumers have shown significant receptiveness towards adopting new and innovative technology and smart products, as can be seen by the rapid adoption and penetration of smart phones and smart televisions in recent years. As consumers become more educated about the benefits of the IoT-enabled home, adoption and penetration are expected to quickly escalate. For example, penetration of IoT-enabled white goods products is expected to increase from approximately 24.0% in 2017 to 55.8% by 2022.

- *Highly efficient logistics and mobile-payment infrastructure.* China has one of the most established and efficient logistics and mobile-payment infrastructures in the world. Such infrastructure provides ease of access to new and innovative IoT-enabled smart home products for consumers and also effectively enables scenario-based purchase decisions in the home environment.

BUSINESS

Our Mission

IoT @ Home: Redefining the future home.

Overview

We have developed a unique Home OS platform, consisting of an ecosystem of innovative IoT products, together with a suite of complementary consumable products and value-added businesses. This platform enables consumers to intelligently interact with a broad portfolio of IoT products in an intuitive and human-like manner to make daily life more convenient, efficient and enjoyable, while allowing us to capture various scenario-driven consumption events in the home environment.

Powered by advanced AI, proprietary software and data analytics systems, our Home OS platform generates extensive and deep consumer behavior data and insights, enabling us to continue to enhance our products and offer additional bespoke value-added businesses over time. As of March 31, 2018, our Home OS platform had over 1.0 million household users.

Xiaomi is our strategic partner and shareholder. Our strategic partnership with Xiaomi gives us access to Xiaomi's ecosystem users, market and data resources and related support. Meanwhile, our strong research and development capabilities and innovative products and services also enrich Xiaomi's suite of offerings, resulting in a mutually beneficial relationship between Xiaomi and us.

Our Business Model

We operate a highly scalable business model based on the three key pillars: 1) our IoT-enabled smart home products; 2) complementary consumable products and value-added businesses ecosystem; and 3) a factory-to-consumer, or F2C, new retail sales strategy.

IoT-enabled smart home products

We generate a significant portion of our revenues through sales of our IoT products. Aimed at China's young, modern, "new middle-class" consumers, our portfolio of innovative AI-powered, IoT products, which are equipped with cloud-based internet connectivity, advanced software and interface features, form the core of our Home OS platform. From our inception up to March 31, 2018, we had successfully brought to market an extensive range of over 30 IoT product lines, including our flagship line of smart water purification systems, smart kitchen products and other smart products. These products engage users across a wide spectrum of essential daily activities and create new consumption scenarios for the home environment. We strive to offer our core products at attractive price points to facilitate initial customer acquisition and entry into the family home. We think of customers' initial purchases of our products as the start of our relationship with them rather than the end, as that first purchase drives broad home-wide adoption of our products and long-term customer loyalty. The inherent connected nature, synergies, and network effects within our Home OS platform are demonstrated by the fact that as of March 31, 2018, approximately 12.1% of our household users owned at least two of our IoT products.

Consumable products and value-added businesses ecosystem

In addition to our IoT products, we offer a suite of complementary consumable products and value-added businesses. Consumable products, such as water purifier filters, are complementary to our IoT products and generate recurring and ongoing revenue streams for us beyond the initial sales of the IoT products with minimal customer acquisition costs. Our value-added businesses consist of sales of other products such as water quality meters and water filter pitchers, provision of installation services, and services related to our e-commerce platform embedded within various of our IoT products.

We believe home is the most important and natural consumption environment. Hence, in addition to facilitating sales of our IoT products, our Home OS platform, together with our vibrant partner ecosystem, is also set up to capture scenario-driven consumption events in the home environment, enabling users to purchase products and services as and when the need arises within the comfort of their home. For example, users can easily and directly purchase products, including our consumable products as well as other fast-moving consumer goods, supplied by us or our ecosystem partners, through platforms and interfaces integrated and embedded within various of our IoT products. This unique aspect of our business model allows us to capture users' consumption events and purchasing behavior across the entire life cycle of our core products and differentiates us from hardware-focused peers.

F2C new retail

At the heart of our omnichannel F2C new retail experience is our network of approximately 700 Viomi offline experience stores across China, the majority of which were stand-alone stores, as of June 30, 2018. These stores, operated by our third-party network partners, enable consumers to physically test our Home OS platform and the IoT @ Home lifestyle experience firsthand. After experiencing our products in this home lifestyle environment, consumers can then purchase the products they like by either directly placing orders with the store or scanning the QR code, after which the selected products will be delivered to them directly. We also sell our products directly to customers through our online platforms as well as through other platforms at prices consistent with the network of Viomi offline experience stores, subject to occasional sales promotions offered through different sales channels.

Our efficient omnichannel F2C new retail strategy enhances our brand awareness and cuts out unnecessary layers of middlemen, preserving profitability for us, supports attractive pricing of our products, and also promotes bundled product sales.

The Market Opportunity

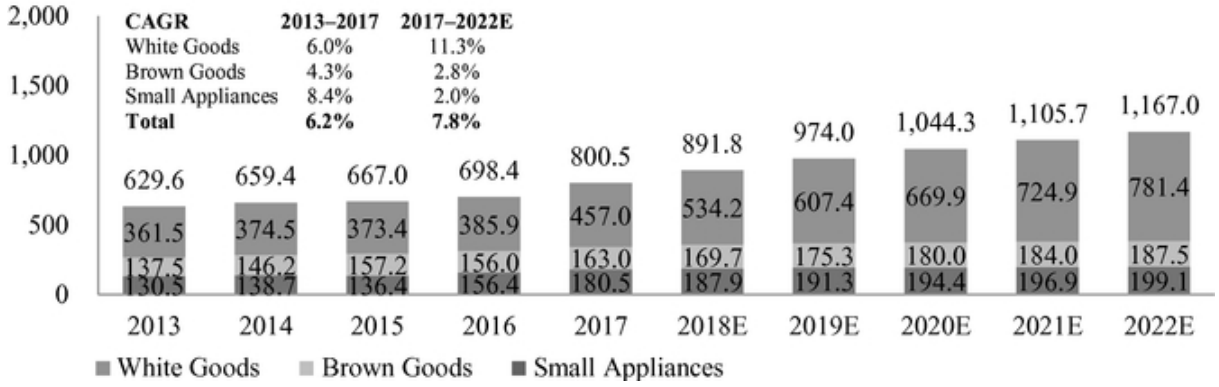
The addressable market

Our addressable market consists of China's broader home appliances industry, which is large and relatively mature, though still growing at a steady pace. According to the iResearch Report, China's home appliances market reached approximately RMB800.5 billion (US$123.0 billion) in terms of retail sales in 2017, having grown at a CAGR of 6.2% from 2013 to 2017, and is estimated to grow at a CAGR of 7.8% from 2017 to 2022 to reach RMB1,167.9 billion (US$179.5 billion) by 2022. In particular, the white goods market, our current key focus market, reached approximately RMB457.0 billion (US$70.2 billion) in terms of retail sales in 2017, having grown at a CAGR of 6.0% from 2013 to 2017, and is estimated to grow at a CAGR of 11.3% from 2017 to 2022, the fastest projected growth among all home appliances categories, to reach RMB781.4 billion (US$120.1 billion) by 2022.

The iResearch Report identifies key growth drivers for China's overall home appliances market and white goods market as growth in disposable income and overall consumption upgrade trends as well as replacement demand. In 2008 and 2009, the Chinese government implemented several stimulus projects, including "home appliances for rural areas," "appliance trade-in rebates," and "energy saving rebates." These initiatives drove strong home appliances sales from 2009 to 2011. Given that the useful life for home appliances, in particular for white goods, is approximately 10 to 12 years, there is expected to be substantial replacement demand for these products from 2018 to 2023.

The following chart sets forth the size of China's home appliances market in terms of retail sales, broken down by major product categories.

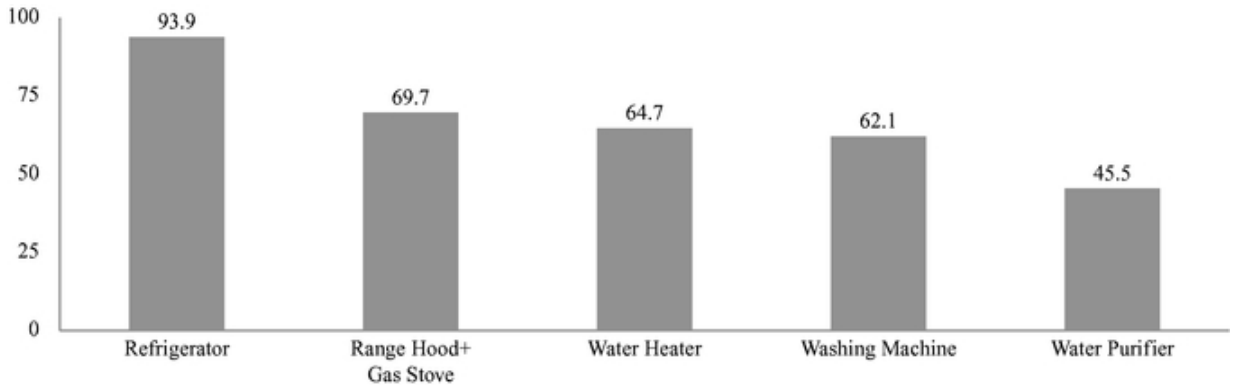
Market Size of Home Appliances in China (2013-2022E)
(RMB Bn)



Source: iResearch Report

The following chart breaks down the size and addressable market of some of the key home appliances categories in China in terms of retail sales in 2017.

Market Size of Key Home Appliances Categories in China (2017)
(RMB Bn)



Source iResearch Report

The Internet-of-Things

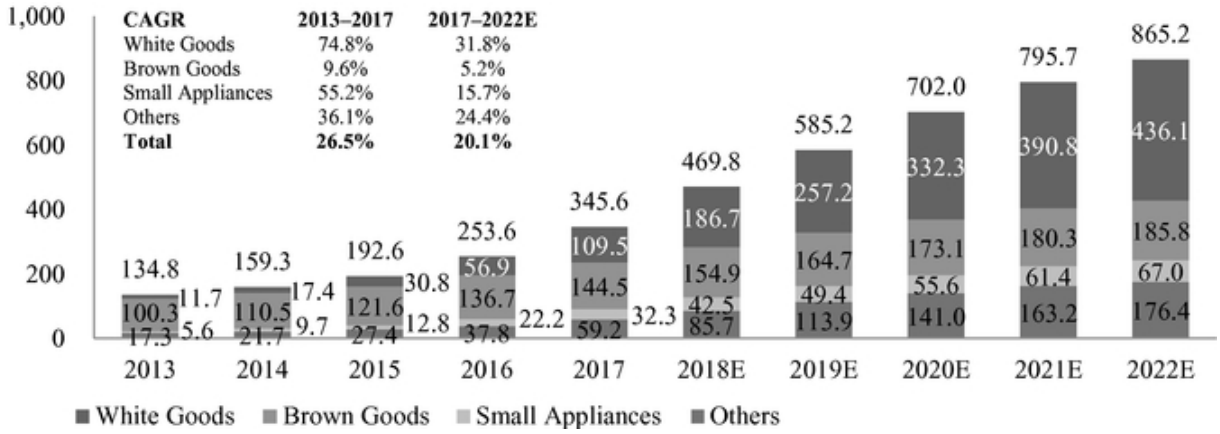
The IoT is the interconnected network of devices, or "things," that can communicate with one another seamlessly through the internet. Enabled by the proliferation of mobile technology and advancements in AI, IoT-enabled smart home products are rapidly gaining popularity in China. IoT-enabled smart home products refer to next-generation home appliances and consumer electronics that are powered by AI and the internet and equipped with advanced features for receiving, processing, analyzing and transmitting data. These products can provide consumers with various benefits in the home environment, including increased convenience and improved quality of life.

Demand for IoT-enabled smart home products is growing rapidly. According to the iResearch Report, the market for IoT-enabled smart home products in China, a subset of the broader home appliances

market, reached RMB345.6 billion (US$53.1 billion) in terms of retail sales in 2017, having grown at a CAGR of 26.5% from 2013. Despite this recent rapid growth, there is still expected to be significant room for growth in the market. According to the iResearch Report, the market is estimated to continue its robust growth at a CAGR of 20.1% to reach RMB865.2 billion by 2022 in terms of retail sales. Penetration of IoT-enabled smart home products, excluding others, is expected to increase from approximately 35.8% in 2017 to 59.0% by 2022. Penetration of IoT-enabled white goods products is expected to increase from approximately 24.0% in 2017 to 55.8% by 2022.

The following chart and table set forth the size of China's IoT-enabled smart home products market in terms of retail sales and the penetration rates within the broader home appliances market, respectively.

Market Size of IoT-enabled Smart Home Products in China (2013-2022E)
(RMB Bn)



Penetration Rate of IoT-enabled Smart Home Products in China (2013-2022E)

%	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Brown Goods	72.9	75.6	77.4	87.6	88.7	91.3	93.9	96.1	98.0	99.1
Small Appliances	4.3	7.0	9.4	14.2	17.9	22.6	25.8	28.6	31.2	33.6
White Goods	3.2	4.6	8.2	14.7	24.0	34.9	42.3	49.6	53.9	55.8
Total	**18.7**	**20.9**	**24.8**	**30.9**	**35.8**	**43.1**	**48.4**	**53.7**	**57.2**	**59.0**

Source: iResearch Report

Key industry trends

According to the iResearch Report, there are powerful industry and consumer trends driving the increased adoption of IoT-enabled smart home products in China, including:

- *Aspiration-driven consumption upgrade:* In line with sustained economic growth and increases in disposable income, China has seen a clear consumption upgrade trend and expectations for higher living standards. Chinese consumers now have greater purchasing power and an increasing preference for high quality, aspirational products with innovative features and functionalities.

- *Increased receptiveness towards and adoption of AI and IoT technology:* Chinese consumers, particularly the young, modern, "new middle class" consumers, are becoming increasingly receptive to next generation products that incorporate AI and IoT technologies to create a modern living experience. New technologies such as voice- and motion-activated controls have also gained

increasing prominence as these technologies become more mainstream and consumers become more educated about their applications.

- *Product innovation and technological developments:* Continued advancements in product innovation have provided consumers products with greater functionalities and practical use in the home environment. In addition, technological developments and increasing competition have led to continued declines in the prices of microchips, sensors, network infrastructure and bandwidth, which in combination have reduced the cost of smart home products, making them more affordable and accessible.

- *Busier lifestyles and demand for convenience:* With increased urbanization, a more connected world and a highly competitive job environment, Chinese consumer lifestyles are more hectic than ever. Accordingly, Chinese consumers are seeking new ways to make their lives more convenient and enjoyable, especially in the home and family environment, and are more willing to pay for solutions that help them realize these benefits.

What consumers are looking for

Consumers are always looking for ways to improve their productivity and quality of life and to complete tasks more effectively and efficiently in a more affordable manner. Driven by powerful industry trends as well as shifts in consumption and usage preferences, according to the iResearch Report, modern consumers are looking for the following key characteristics in the next generation of IoT-enabled smart home products and smart home solutions:

- A smart home solution as a way to make their lives more convenient, efficient and enjoyable.

- A platform that seamlessly works with a broad range of IoT products to create a truly holistic IoT @ Home lifestyle experience.

- A multi-interfaced platform that they can interact with across a number of devices.

- An intuitive, easy-to-use solution that is also affordable and easy to acquire.

- A highly flexible, intelligent and dynamic solution that adapts to their behavior and makes relevant recommendations.

- A future-proof platform that can be upgraded to incorporate new functionality.

Limitations of existing and legacy products

Existing and legacy products, including traditional home appliances and first generation smart home products, generally have several aspects that limit their effectiveness and attractiveness:

- *Isolated devices:* Many smart home products currently on the market, while performing a single function well, are isolated from and unable to communicate with other devices. Users are required to manage multiple, disconnected products, which can be time consuming and unattractive for a user seeking a holistic smart home solution.

- *Lack intelligence:* Many legacy products can only respond to direct commands and are unable to act independently on the user's behalf based on the user's activity and behavior. Similarly, because existing and legacy devices have generally not been able to communicate with each other, consumers lack the ability to leverage AI to create a bespoke experience.

- *Not future-proof:* Since most legacy products are not cloud-based, they cannot receive updates of new software, and risk quickly becoming obsolete. These offerings generally require physical hardware and software replacements once new features, devices or technologies are introduced, resulting in additional hassle and costs for consumers.

- *Overly complex and expensive:* Some products, while having a multitude of features and a degree of connectivity, can be difficult for the users to understand or use intuitively. This eliminates at first instance one of the key attractions of smart home devices, which is to make users' lives easier and more efficient. These types of devices can also be expensive, which creates high barriers to entry for widespread adoption.

Our Value Proposition

We believe that China's RMB800+ billion home appliances market is ripe for disruption, providing huge upside potential for our business. Our Home OS platform aims to redefine, transform and greatly enhance user experience in the home environment through the solutions we provide. Our solutions offer consumers the following value propositions:

- *Intuitive easy-to-use experience:* We have designed our Home OS platform and user interfaces to be intuitive, simple and easy to use. Users can communicate with our IoT products in an interactive, human-like manner, using techniques such as speech and gestures, or remotely through mobile devices.

- *Multi-interfaced, connected platform:* Our Home OS platform provides consumers with multiple points of interaction across a number of devices, removing restrictions on relying on a single point of control. The connectivity among our products means some of them can communicate with our other smart home appliances and share information to go beyond their singular functions, further enhancing user experience and creating powerful network effects, which promote repeat and bundled purchases.

- *Intelligent and dynamic system:* Leveraging upon our proprietary software and data analytics systems, our products grow smarter over time. The insights into user behavior we gain as consumers use our products allows us to further enhance our products and services, thereby providing better solutions and attracting more users over time, creating a sustainable virtuous cycle.

- *Essential daily use:* Our products and services are relevant to everyone in their daily lives. This means that the solutions our Home OS platform provides can form an important function in making people's everyday lives more convenient, efficient and enjoyable.

- *Scenario-driven consumption events:* Our Home OS platform enables users to directly engage in consumption events through our devices—as and when the need arises and within the specific scenario in which the need arises—without consumers having to engage another service provider.

- *Accessible and affordable:* Our technologically advanced, high quality products are priced at attractive price points, providing a cost-effective and value-for-money entry point for our target market of young, modern, "new middle-class" consumers seeking the smart home experience.

Some common examples of how users can engage with our Home OS platform and the related benefits include:

- *A user forgets to change the filter in her water purification system.* Our water purification systems automatically sense when the filters will soon need changing, and advise the user to order a replacement, which can be done directly through voice commands.

- *A user opens her refrigerator and sees a need to replenish supplies.* Our integrated and embedded e-commerce platform within the refrigerator allows the user to seamlessly order the needed products at the point of interaction—the refrigerator.

- *A user wishes to cook a dish, but lacks the know-how.* Our oven steamer advises on recipes and ingredients and can automatically cook to order certain food products by scanning the product's barcode.

- *A user wants to do her laundry, but is out of detergent.* Our washing machine advises on the correct cycles and quantity of washing products required, and takes voice commands to directly order related products as needed.

- *A user has just finished work, and would like to start the defrosting process.* The user can remotely control his or her smart refrigerator at home via our mobile app to start the defrosting process by raising the temperature in the independent temperature-controlled compartment.

Our Track Record

We have experienced significant growth since our inception, largely driven by increasing brand recognition, new product launches, strong product sales, and increasing receptiveness towards and adoption of smart home AI and IoT technology in China. Our number of household users increased by 197.3% from about 348 thousand as of December 31, 2016, to over 1.0 million as of March 31, 2018, with the number of IoT products shipped increasing by 212.3% from approximately 382 thousand units in 2016 to approximately 1.2 million units in 2017. Our net revenues increased by 179.4% from RMB312.6 million in 2016 to RMB873.2 million (US$134.2 million) in 2017. Our net income increased by 473.5% from RMB16.3 million in 2016 to RMB93.2 million (US$14.3 million) in 2017.

Our Competitive Strengths

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

Multi-interfaced, connected and synergistic Home OS platform

Our unique Home OS platform consists of an ecosystem of innovative AI-powered, IoT products, together with a suite of complementary consumable products and value-added businesses. This platform provides consumers with multiple points of interaction across a number of devices, removing the limitations of relying on a single point of control. The connectivity among our various products means that they can interact with each other and share information to go beyond their singular functions, further enhancing the user experience and creating powerful network effects and promoting bundled purchases. The integrated and embedded value-added e-commerce platform within our IoT products further facilitates scenario-driven consumption events, including purchases of consumable products such as replaceable filters as well as other household fast-moving consumer goods. This adds further synergies across the entire ecosystem and generates additional, recurring and ongoing revenues streams for us beyond the initial sales of our IoT products, with minimal customer acquisition costs. Our value-added businesses also include sales of other related products such as water quality meters and water filter pitchers, and provision of installation services.

The appeal to consumers of the inherent connected nature, synergies and network effects within our Home OS platform is demonstrated by the fact that as of March 31, 2018, approximately 12.1% of our household users owned at least two of our IoT products.

Aspirational brand with a rapidly growing user base

Viomi has been built as an aspirational, "next generation" brand with attractive value propositions that aims to bring the full suite of AI capabilities and IoT experience to the home environment. Our strategic partnership with Xiaomi also allows us to effectively access and leverage Xiaomi's established, entrenched and growing user base.

Despite our relatively short operating history, the success of our unique Home OS platform and the positive consumer experience it delivers have allowed us to rapidly develop a large and growing user base. Our number of household users increased by 197.3% from approximately 348 thousand household users as

of December 31, 2016, to over 1.0 million household users as of March 31, 2018, with the number of IoT products shipped increasing by 212.3% from approximately 382 thousand units in 2016 to approximately 1.2 million units in 2017. As a testament to the rapid penetration of our brand, during the 618 Shopping Festival in 2018, our iLive smart refrigerator ranked first among refrigerator models and we ranked among the top ten refrigerator brands in terms of online sales, according to All View Cloud, a retail data research firm in China.

Unique and highly scalable business model

Our business model allows us to enjoy a high customer lifetime value. We see a consumer's point of purchase and the entry of our products into their home as the start of our relationship rather than the end. Consumers who have made their first hardware purchase are incentivized to make additional purchases to benefit from the synergies and connectivity among our IoT products. More users on our platform then generate more data for our software analytics, enhance our software and algorithms, and lead to better user experiences, which in turn attracts more users to our platform—a powerful virtuous cycle. In addition, leveraging these customer relationships, we are also able to generate additional, recurring and ongoing revenues streams from sales of consumable products, together with various value-added businesses across the life cycle of the IoT products with minimal customer acquisition costs.

Further, our omnichannel F2C new retail model cuts out inefficient layers of middle-men and caters to the buying behavior of the modern consumer, providing access to consumers in a cost-effective manner and also facilitating the rapid expansion of our coverage network.

Powerful data analytics capabilities

We have developed advanced proprietary software and data analytics capabilities to derive actionable insights from the large amounts of data we collect from our IoT products. We believe that the home is the most important and natural consumption environment. Our IoT products also generate vast quantities of user data in this environment with huge monetization potential.

We have built a large database of usage and behavior data through our IoT products and value-added businesses. By analyzing this data, we are able to gain deep customer insights, enhance our software, make our products smarter, provide bespoke marketing and promotional initiatives, and discover additional customer acquisition opportunities. Our products are powered by cloud-based software that can be updated based on what we learn from data and other customer feedback, making our products smarter over time. We also leverage predictive customer analytics to understand what and when consumers want to buy based on past behavior, and we can remind our users of their purchasing needs, which facilitate the use and monetization of our consumable products and value-added businesses.

Proven research and development capabilities with commitment to innovation

Our R&D team comprised 90 hardware engineers and 63 software engineers and designers as of March 31, 2018. We have developed or adopted several key technology innovations that have enabled the development of our Home OS platform, including AI-based voice-, facial- and gesture-recognition technology, connectivity and control technology, and hardware technologies including sophisticated sensor technology. From our inception to March 31, 2018, we had successfully brought to market an extensive range of over 30 IoT products lines, including our flagship line of smart water purification systems, smart kitchen products and other smart home products, with a strong product pipeline of upcoming product launches.

As a testament to our innovation capabilities, as of the date of this prospectus, we have over 680 patents registered with the State Intellectual Property Office of China and over 500 pending patent applications in China. Globally, we have over 30 patents registered and over 70 pending patent applications in various overseas countries and jurisdictions, as of the date of this prospectus.

Visionary and professional management team

Our visionary and professional management team is led by our founder and CEO Mr. Xiaoping Chen and supported by our strategic partner Xiaomi.

Mr. Xiaoping Chen founded our Company with a vision of revolutionizing the home lifestyle experience with AI technologies and IoT platforms. He is a former senior executive at Midea and has over 20 years of experience in China's home appliances industry with deep understanding and knowhow across all core functions, ranging from product development to operations and from supply chain management to sales and marketing as well as finance. Our entrepreneurial spirit, hardware expertise and experience, together with Xiaomi's internet DNA, have been important factors that have contributed to our success, and we believe set us apart from traditional home appliances brands and consumer internet companies.

Our Strategies

We intend to achieve our mission and strengthen our market position through successful execution of the key elements of our growth strategy, which include:

Continue to introduce new and innovative products

Our success is built upon our ability to deliver a broad portfolio of innovative IoT products at attractive price points, which form the foundation of our Home OS platform. Going forward, we intend to explore additional application scenarios for our products across the home environment, and we will continue to introduce new and innovative devices as we relentlessly pursue our goal of creating a unique and holistic IoT @ Home lifestyle experience for the benefit of consumers. In 2018, we successfully introduced new IoT products such as our 21Face smart refrigerator and the Viomi dishwasher, and we will be launching new products such as our Eyebot smart range hood, VioV smart speaker, and smart mirror, among others.

As we continue to grow our business and introduce additional new products to improve connectivity and synergies across our Home OS platform and further promote the IoT @ Home lifestyle experience, we expect to deliver further growth through repeat customer purchases and bundled sales, as well as additional monetization of our consumable products and value-added businesses. Going forward, we intend to promote an open and compatible system through partnerships with other smart home products and technologies.

Enhance our technology, software and data insights

The advanced proprietary software and data analytics systems that drive our Home OS platform are essential parts of our value proposition, and we will continue to invest significant resources to continue to enhance our technology, software and data insights. We plan to further develop our AI technology, potentially together with partners, to enable increasingly human-like interaction between users and our IoT products through voice-, facial- and gesture-recognition. In addition, we will consistently upgrade and improve our software capabilities and introduce innovative new features to enhance the user experience.

As the household user base continues to grow, our data collection and analytics capabilities will continue to strengthen, which will enable us to introduce products, services and functionalities that best address each household's profile and preferences, and provide optimal solutions for users' scenario-driven consumption needs within the home environment.

Strengthen our brand recognition and expand our user base

The Viomi brand has been designed to communicate innovation, functionality, quality and value. The uniqueness and effectiveness of our products and related benefits, together with our strategic partnership with Xiaomi, have enabled us to enjoy strong word-of-mouth and extensive media coverage, which has

provided us with strong momentum when launching new products and expanding our market presence. We will continue to invest in increasing the awareness of our Viomi brand as well as in educating consumers about the benefits of our overall Home OS platform and the IoT @ Home lifestyle experience through a unique and informative in-store retail experience, together with progressive and bespoke marketing initiatives as well as various traditional and social media campaigns.

Enrich our value-added businesses ecosystem

We will continue to invest in the seamless integration of our value-added businesses ecosystem into our Home OS platform to enhance user experience and capture a larger share of scenario-based consumption needs in the home environment. We intend to leverage our advanced proprietary software and data analytics capabilities to improve the user experience through smarter and more customized services. We will continue to expand our service offerings by bringing in more readily accessible ecosystem partners including online grocers, daily-life service platforms, fast-food chains, and third-party e-commerce platforms. Having a robust value-added businesses ecosystem is a key component of our Home OS platform, and it will enable us to differentiate our offerings, continue to grow our user base and create additional monetization opportunities.

Expand and enhance our sales channels

Our omnichannel F2C new retail sales strategy is an important pillar of our business model. We are committed to providing our customers a convenient, efficient and enjoyable shopping experience across our omnichannel network. We plan to expand our sales channels and customer service points, as well as the network of Viomi offline experiences stores, together with our network partners across China. We will continue to invest in in-store training and enhance our in-store experience, which will enable customers to test first-hand our Home OS platform and the IoT @ Home lifestyle experience we offer, and see the connectivity and synergistic benefits of our Home OS platform.

Xiaomi will continue to serve as an important partner for us. We will continue to strengthen our mutually beneficial relationship with Xiaomi to sell products through their large and entrenched user base and sales network.

Invest along our product value chain

We may selectively pursue strategic investments or acquisitions that complement our business, represent a strategic fit and are consistent with our overall growth strategy. These investments could include acquisitions along our product value chain, including suitable upstream companies that manufacture critical components of our products. These types of acquisitions could expand our technologies and know-how, which would allow us to add new features and functionalities to our Home OS platform and accelerate our pace of innovation. They may also provide us with greater control over our supply chain in terms of ensuring the continuity of supply for critical components, optimal quality control, on-time delivery and fulfillment, and help us achieve potential cost savings.

Our Home OS Platform

Our unique Home OS platform consists of an ecosystem of innovative IoT products together with a suite of complementary consumable products and value-added businesses.

Powered by our advanced software, innovative AI technology and powerful data analytics capabilities, our Home OS platform generates extensive and deep consumer behavior data and insights, which enable us to continue enhancing our products and offering additional bespoke value-added businesses over time. As of March 31, 2018, our Home OS platform had over 1.0 million household users.

We generate a significant portion of our net revenues through sales of our IoT products, which form the core of our Home OS platform. From our inception up to March 31, 2018, we had successfully brought to market an extensive range of over 30 IoT product lines, that engage users across a wide spectrum of essential daily usage activities. We also sell a range of consumable products complementary to our IoT products, such as water filters for our water purifiers and air filters for our refrigerators, which provide us with regular and recurring revenues streams across the life cycle of the IoT product. In addition, we have various value-added businesses, including sales of related household products as well as offering various installation services and e-commerce services through a platform embedded within various of our IoT products.

The table below sets forth the revenue contribution of our key business lines:

	For the year ended December 31,				
	2016		2017		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues:					
IoT-enabled smart home products	273,282	87.4	712,317	109,480	81.6
Smart water purification systems	250,442	80.1	570,784	87,728	65.4
Smart kitchen products	—	—	50,656	7,786	5.8
Other smart products	22,840	7.3	90,877	13,966	10.4
Consumable products	19,376	6.2	87,500	13,449	10.0
Value-added businesses[(1)]	19,916	6.4	73,402	11,281	8.4
Total	**312,574**	**100.0**	**873,219**	**134,210**	**100.0**

Note:

(1) Including sales of other products and rendering of services. See footnote (9) to the Consolidated Financial Statements for more details.

Our IoT products

The IoT products we offer can be divided into smart water purification systems, smart kitchen products and other smart products.

Smart water purification systems

We offer comprehensive water purification solutions, including home-wide water purification and hot water distribution, sharing and exchange of water quality data, and seamless integration and interaction with other water-consuming smart home products, such as water heaters, washing machines, and dishwashers. The core of our water purification solutions is our self-branded and Xiaomi-branded smart water purifiers, which are complemented by our easy-to-install replaceable water filter consumable products. Some of our key smart water purification system product lines include:

V1 Super Water Purifier

X series Instant Boiling Water Purifiers

Mi Water Purifier

V1 Super Water Purifier. Our V1 water purifier features reverse osmosis (RO) technology, which applies pressure through a RO membrane to separate purified water from tap water. It employs a four-step RO filtration process, and is equipped with a high flow RO filter and an optimized water purification path that improves filtration efficiency. V1 went on sale in June 2016.

With its built-in precision sensors, V1 can monitor in real time the water purification process, and the parameters of the water including water quality, pressure, temperature, and volume. V1 then analyzes this information using AI technology and automatically adjusts various aspects of its operation, such as the waste water ratio, intelligent pulse cleaning, and system water pressure to maintain ideal working conditions.

V1 is equipped with a dynamic water pressure sensor that monitors the pressure against the surface of the water filter so that V1 can intelligently adjust the water pressure using pulse-width modulation technology, which can extend the life of the system. This innovative intelligent pulse cleaning function increases the purification effectiveness and extends the life span of the water filter. Users can also remotely monitor the water quality and purchase replacement filters with one click through our mobile app.

X series Instant Boiling Water Purifiers. Our X series water purifiers combine instant boiling and water purification. In addition to cutting-edge water purification technologies and functions featured on our water purifier product line, our premium X series water purifiers are also hot water dispensers with instant heating and precision temperature control functions. These products can control water temperatures with great precision. The X series water purifiers went on sale in December 2016.

Mi Water Purifier. Mi Water Purifier is our smart water purifier designed and manufactured for Xiaomi. It features a high flow RO filter and real-time total dissolved solid (TDS) water quality monitoring. Its RO filter is designed to accommodate multiple water channels instead of one, increasing filtration area and efficiency. The Mi Water Purifier is equipped with a special booster pump that sustains a high-flux flow. Through the mobile app connected to the Mi Water Purifier, users can monitor the TDS value and water quality status in real time. The mobile app calculates filter lifespan precisely by analyzing the water quality and frequency of use, and alerts users when filters need to be replaced. The Mi Water Purifier includes an independent automatic detection module that checks on each of its 23 core components for easy troubleshooting. The Mi Water Purifier also features a compact design and easy installation. Mi Water Purifier went on sale in July 2015.

Our smart water purifier product line also includes Mee, C1, and S1 water purifiers and hot water dispensers.

Smart kitchen products

Our smart kitchen line of IoT products make our users' everyday activities within the kitchen more convenient and enjoyable. Our smart kitchen products include IoT-enabled smart refrigerators, oven steamers, dishwashers, range hoods and gas stoves. Some of our key smart kitchen products lines include:

21Face Smart Refrigerator

Power Series Gas Stoves | *Connected Oven Steamer* | *Viomi Dishwasher* | *Hurri Series Smart Range Hood*

21Face Smart Refrigerator. Our 21Face smart refrigerator helps users manage their home and life with food management, connected living, and information and entertainment capabilities—all controlled through voice recognition, hands-free AI technology from anywhere in the kitchen. Equipped with necessary sensors and AI technology, 21Face can detect what kinds of products are being stored inside it and keep track of the stock. 21Face also serves as the control center for users' homes. It can give commands to other IoT products such as our hot water dispenser and washing machine. 21Face is also a full infotainment center. It can speak out recipes for the user's reference, stream the security camera feed so the user can recognize a visitor without leaving the kitchen, and enable the user to take calls from the kitchen. With respect to entertainment, users can stream the latest TV shows and listen to their favorite songs while cooking. 21Face is fitted with 4 microphones and speakers, guaranteeing smooth voice communication even with typical kitchen background noise. We began selling 21Face in June 2018.

21Face is seamlessly embedded with an interface through which users can access our value-added businesses, such as ordering food delivery. If it detects low stock or predicts a shortage of items stored within it, 21Face will remind users to replenish food items, and users can place orders using simple voice commands. In addition to 21Face, we also offer our iLive smart refrigerator with voice control and face recognition that offers users the IoT @ Home lifestyle experience at a more attractive price.

Connected Oven Steamer. Our smart two-in-one steamer machine can scan the QR code on a food package that is embedded with a recipe and cook the food automatically according to the recipe. Users can purchase food with the QR code from our ecosystem partners through 21Face or the Viomi Store app.

Users can also design their own individualized recipes, share them with friends, or download popular user-created recipes. We began selling our connected oven steamer in June 2018.

Hurri Series Smart Range Hood. Hurri is our smart side-suction range hood. Equipped with a powerful suction fan, blades made from special steel, and a 172 mm exhaust vent, it offers a maximum exhaust volume of almost 19 cubic meters per minute. Its 110° convertible automatically-deployed capture panel further limits the smoke to the capture area. It can act in tandom with the stove, adjusting suction power based on the flame level. When users turn the stove on, Hurri automatically turns on. Users do not need to adjust the suction power, as Hurri automatically adjusts based on the flame level. Users can control the smart hood remotely using an mobile app. An up-scale version, Hurri With Voice Control range hoods, adds more features. The maximum exhaust volume is increased to 21 cubic meters per minute. Equipped with our VioBrain system with voice recognition function, the voice control version Hurri can take voice commands from users, such as turning on and off and adjusting the suction power, freeing up the user to fully enjoy cooking. We also offer the Free Series smart range hood, which is our European style smart range hood. We began selling our Hurri Series and Free Series range hoods in June 2017.

Power Series Gas Stoves. Our Power series smart gas stoves are equipped with special nozzles that develop a very powerful flame suitable for Chinese-style stir fry cooking. Using our mobile app, users can monitor the status of the stove while away from home. The battery usage display ensures that users can replace the battery before experiencing ignition failures. We began selling the Power series in July 2017.

Viomi Dishwasher. Our Viomi dishwasher employs 3D water jet technology and two-layer high-pressure water jet arms, giving it deep cleaning capability. Its PTC hot air drying system dries the dishes quickly and kills 99.99% of bacteria. If it is not used for two consecutive days, our smart dishwasher will remind the user to remove the bacteria by using the hot air system. We began selling our dishwasher in October 2017.

Other smart products

In addition to our smart water purification system and our smart kitchen lineup, we also offer a diverse array of IoT products that complements our Home OS platform and addresses users' needs across different home scenarios. Some of our key other smart products lines include:

W9X Voice Control Washing Machine

Smart Water Heater (16L Voice Control Version)

W9X Voice Control Washing Machine. When using our smart washing machine, users no longer need to navigate through a bewildering washing cycle selection menu. Instead, they can simply use short sentence voice commands like "wash this bedsheet for me" or "pick a mode." The high-capacity detergent compartment can store up to one-month's usage, and precisely dispense detergent and softener based on an analysis of the load, fabric, and water quality. Our W9X washing machine is seamlessly embedded with

an interface through which users can access our value-added businesses. When the detergent or the softener level is low, the washing machine will remind users to replenish and can place orders after the users confirm through the embedded interface. The washing machine can be remotely controlled via the Viomi app or other Viomi smart home devices, and will notify users when the washing cycle is finished. We also offer a washer-dryer unit. We began selling our W9X washing machine in April 2018.

Smart Water Heater (16L Voice Control Version). Traditional water heaters do not perform consistently all year round because they are not tailored to water temperatures and the weather conditions of different seasons. Thanks to our AI technology and the duo control mode (water and gas two-way adjustment), our on-demand water heater can intelligently select and maintain the water temperature that is the most suitable for the season, while allowing the user to set the temperature with precision of ±1°C. Our water heater is fitted with bypass channel technology to avoid sudden temperature fluctuations when the user turns the faucet on and off. In the voice control version, the smart water heater can be controlled via natural language commands. It can also be controlled by our other IoT products such as the 21Face and the VioV, demonstrating the holistic IoT @ Home lifestyle experience. In the app that is compatible with the water heater, the user can set up different profiles for family members so that each has a preferred setting. Our smart water heater is expected to go on sale in August 2018.

Products in development

We continue to focus on new, innovative product development to address evolving user preferences and to further expand our offerings of IoT-enabled smart home products across all our product lines. Below are some products that we are expect to roll out in the near future.

Eyebot

VioV

Air ventilator and purifier

Eyebot. Eyebot is our AI-enabled range hood that can track and recognize the volume and movement of the smoke. When users are cooking Chinese cuisines, the volume and moving patterns of the smoke vary significantly. Eyebot uses its high-definition camera with a 210° wide-angle lense. The camera captures the image of smoke and transmits the image to the processing unit. The image is then recognized and analyzed in real time using our AI technology, which can distill information regarding the smoke's volume and movement, and intelligently distinguish that information from the user's movement. Based on its analysis of the volume and movement of the smoke, the processing unit adjusts the operation of the suction fan. In addition, the hood's capture panel can be lowered to reduce its distance from the smoke, achieving maximum capture. Using a powerful suction fan, Eyebot can achieve a maximum exhaust volume of 23 cubic meters per minute. Eyebot's other features include the camera's night vision function, active noise cancellation, voice control, and reminder to turn off the stove when not active. We expect to begin selling Eyebot in October 2018.

VioV. VioV is our smart speaker with touch screen; it can control all of our other smart home products and monitor the status of the tasks they are running. For example, it can set our smart hot water dispenser to the user's desired temperature, which it identifies through facial recognition. VioV can tell the

smart robot vacuum to start cleaning at the proper time, as well as notify users when the washing machine finishes its cycle.

VioV is also capable of voice interaction, gesture control, music playback, making to-do lists, setting alarms, playing audiobooks, and providing weather, traffic and other real-time information—all hands-free. It is distinguished from other smart speakers by its touchscreen, which visually displays VioV's responses to demands as well as various content and information. It can also display prompts regarding news headlines, suggested commands, and other information. Users can ask it to play a song of a particular artist or genre and stream over Wi-Fi. We expect VioV to keep getting smarter and to have new features as we continuously upgrade the system and collect more data on users' individual preferences. We expect to begin selling VioV in August 2018.

Smart air system. We are developing a smart air system that will consist of our air ventilator and purifier, our aromatherapy humidifier, and air sensors. We expect to begin selling these products in 2019.

Air ventilator and purifier. Our two-in-one air ventilator and purifier offers the following features in a sleek form: ventilation, air purification, supplementary heating, and sterilization. It can achieve a high clean air delivery rate, resulting in a more efficient air purification process and cleaning. Through our mobile app, the air ventilator and purifier allows the users to monitor in real time the air quality at home and start and shut down the system. If connected with an air conditioner and other smart appliances, the air ventilator and purifier can control the environment of the home. The machine operates quietly so that the users get the air quality they want without unwanted noise. We expect to begin selling this product in 2019.

Consumable products

We offer a range of consumable products complementary to our IoT products, which provide us with regular and recurring revenue streams across the life cycle of our IoT products. Consumers can purchase such products either through our sales channels or through the e-commerce platform embedded within various of our IoT products. They feature easy installation mechanisms so that consumers can effortlessly install the products themselves.

Water filters. We offer replacement water filters compatible with both our self-branded and Xiaomi-branded smart water purifiers. Our water filters play a major role in the innovative design, high performance, and economic efficiency of our water purifiers. Our filters feature authentication verification through QR codes.

Water pitcher filter. Our water pitcher filter features seven-layer filtration that can effectively remove small particles, limescale, chlorine, lead, copper, and cadmium. Both the filter shell and the filtering materials can kill bacteria. The pitchers use a 360° water channel design that optimizes the use of the filtering materials.

Plant-based air filter. Our refrigerators are equipped with plant-based air filters that kill bacteria and freshen the air in the refrigerators' compartments. Traditional refrigerators are also equipped with air filters, but they are typically buried in the air channel and cannot be easily replaced. Our air filters are easily replaceable, guaranteeing constant freshness of the air.

Value-added businesses

Another key component of our Home OS platform is our suite of value-added businesses.

Services

We believe home is the most important and natural consumption environment. Together with our vibrant partner ecosystem, we offer value-added services that can capture various scenario-driven

consumption events in the home environment, such as enabling users to purchase products as and when the need arises within the comfort of their home. We achieve this through e-commerce platforms and interfaces embedded within and integrated with various of our IoT products. We work closely with our ecosystem partners, including Yiguo, Unilever, Finish, Sundiro, and Unilife, to deliver these services to our users.

A consumption scenario is a combination of specific location, timing and user that leads to a user's ultimate decision to make a purchase. A user's willingness to purchase and the considerations related to the purchase vary depending on the scenario. When there is a household need in a specific scenario, our products can address that need the moment it arises. Moreover, because our products can collect a vast amount of household behavior data, analyze that data utilizing AI technology and deep learning, and create accurate household profiles, the consumption need can be addressed before the user realizes that it exists. After the need is identified, the user can interact with our IoT products operating in that exact scenario and place the order for the product or service.

For example, when the laundry detergent is running low, our washing machine can remind the user or automatically place the order for refill. Similarly, our water purifier can detect when the water filter needs to be replaced and alert the user or automatically order replacements.

We also offer certain installation services for our products.

Other products

We also offer a variety of other household products to supplement our IoT products. These products include water quality meters, aromatherapy humidifiers, water filter pitchers, and stainless steel insulated water bottles.

Software, Artificial Intelligence and Data Analytics Systems

We rely on our advanced software, innovative AI technology and powerful data analytics capability to develop, operate, and continuously enhance our Home OS platform.

Advanced software

We have developed advanced software to achieve interconnectivity among our IoT products and to support and expand their functionalities. Our software is equipped with public API (application programming interface) through which other parties' software and products can be connected to and integrated with ours.

All of our IoT products that are equipped with interactive screens run the Android operating system, which can operate software applications with advanced and diverse functions and serve as the platform on which all of our IoT products connect. The rest of our products have embedded systems that operate both locally and on the cloud. Our Viomi Store mobile app allows customers to quickly and efficiently discover, review, select and purchase our products. In addition, the Viomi Store serves as the control app for our products, and enables our users to manage, monitor and interact with our IoT products. Using our cloud-based software system, our products receive automatic updates, often on an overnight basis, to incorporate new functionalities and grow smarter over time based on our data analysis.

Artificial Intelligence

We intend to leverage ongoing advancements in artificial intelligence by incorporating them into our products and services. Our AI technology team develops and refines our proprietary, artificial intelligence-based algorithms, and leverages third-party AI components to build a more effective system. For example, for our voice recognition technologies, we have independently developed the natural language processing and semantic recognition functions (including the e-commerce component), while utilizing speech synthesis engine and Q&A components provided by iFLYTEK, an industry leader in voice recognition technologies.

Voice, facial, gesture, and image recognition and control

Our artificial intelligence technology enables our products to utilize voice-, facial-, gesture-, and image-recognition to offer natural-language user interfaces. These capabilities allow users to communicate with and give commands to our IoT products through common speech or gestures, mimicking natural interactions among human beings. In addition to the added convenience in user interface, the user can communicate with our products in new and advanced ways. For example, when voice control is not ideal because the background noise is too strong or, on the contrary, when everyone is asleep, the user can use gestures to wake up our products and give commands.

Our products' facial-recognition capabilities replace password-based security measures, achieving convenient, natural, and smooth user interaction while safeguarding the security and integrity of user-connected smart homes. The image recognition function incorporated in some of our products helps those products to better carry out their specific tasks in an unprecedented way. For example, Eyebot, our under-development smart range hood, identifies the volume and moving patterns of the smoke using image recognition, processes the information collected, and adjusts the operation of the fans accordingly to achieve maximum efficiency and effectiveness.

We have developed VioBrain, an AI-based back-end system that operates on all of our IoT products that use AI functions. VioBrain carries out the voice-, facial-, gesture-, and image-recognition functions on our IoT products. It intelligently employs the analysis results from our data analytics platform and pushes the most relevant and actionable information to the user. For example, it can remind the user to replace a filter based on the water quality data uploaded by our smart water purifiers. It also enables the refrigerator to remind the user to replenish food based on the user's consumption behavior and by identifying the food in storage. VioBrain forms a virtuous cycle between user interaction, big data analytics and AI-driven features. As more of our users interact with smart home products, the more data points we gather, enabling further refinement of algorithms and functionalities.

Water quality analysis

Our smart water purifiers can monitor in real time the water purification process and parameters of water, including water quality, pressure, temperature, and volume. This information is then analyzed using our AI algorithms and the water purifier automatically adjusts various aspects of its operation, such as the waste water ratio, intelligent pulse cleaning, and system water pressure to maintain ideal working conditions.

Data analytics

Through users' interaction with our products, we can obtain a large amount of household data. The advanced sensors embedded in our products can capture, accumulate and upload large quantities of user and household data. Our users' behavior and sequential data is stored strictly in compliance with stringent data privacy standards and data security requirements.

Our dedicated big data analysis team has developed our own data analytics platform. We use this platform to extract the maximum value and intelligence from large amounts of data. Analyzing this data enhances our understanding of user behavior, and we are thus able to further develop our Home OS platform to better serve our customers. By providing better solutions, we believe we will attract more users over time. More users on our platform can then generate more data for our software analytics, enhance our software and algorithms, and lead to a better user experience, which in turn can attract more users to our platform, a powerful virtuous cycle. For example, we are able to draw a complete map of China's water quality levels by region and improve our water purifier's performance through this insight. We can also generate dynamic predictions of the remaining service life of the filters based on this insight.

We consider the protection of the personal privacy of each of our users to be of paramount importance. We collect only anonymous data and only with users' consent, and all sensitive data is encrypted. We use such data only for the improvement of our products and services. Furthermore, our employees' access to our internal information management system is limited to verified IP address and we restrict the scope of such access based on the duty of the employee. Our data is stored securely in both KSYUN and Alibaba Cloud.

Omnichannel F2C New Retail Platform

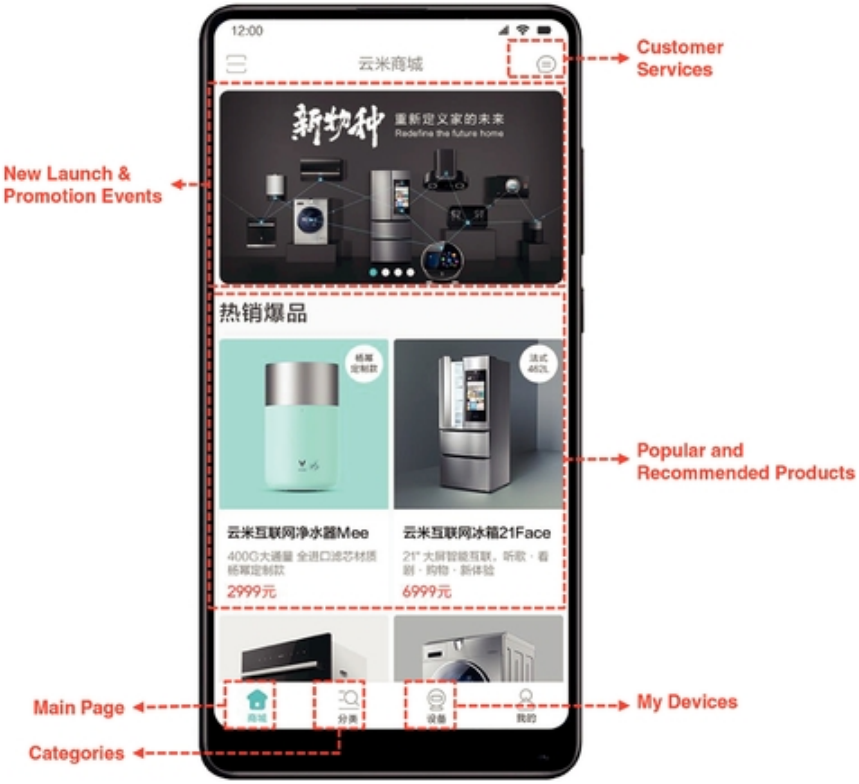
Our Omnichannel F2C new retail platform consists of an efficient network of online retail channels and Viomi offline experience stores. This platform supports us in offering consistent pricing and a flattened distribution channel. We provide a seamless, consistent shopping experience that makes purchasing our products easy, inviting and hassle-free.

Online

We sell our products online primarily through online direct sales and to third-party online platforms, such as JD.com and Suning.

We sell our products directly to consumers through our official website, our Viomi Store mobile app, and our flagship stores on TMall.com and JD.com, as well as through Youpin.mi.com. Through our official website, potential customers can learn about our customer service and after-sale service programs. Our official website provides a detailed description and illustration of the innovative features and technologies of our full product line-up. Our official website also includes a QR code linked to our WeChat Viomi store, which has a logical layout that makes the purchasing experience more convenient. Our official website can also connect potential customers to their nearest offline stores for them to actually experience our IoT products in a home-like setting. Our Viomi Store mobile app allows customers to quickly and efficiently discover, review, select and purchase our products.

Below is a screenshot of our Viomi Store mobile app.



We also sell our products to third-party online platforms, including major e-commerce players such as JD.com and Suning. We believe that the sales of our products to these leading e-commerce platforms enables us to take advantage of their established customer base and brand recognition, and helps us to reach a wide group of customers in a variety of markets.

Offline

As an integral part of our F2C new retail strategy, we have established a large network of Viomi offline experience stores operated by our third-party network partners. We provide consistent training to educate the salespersons of our network of offline experience stores as we believe that the sales of our products can be enhanced by knowledgeable salespersons who can convey the value of hardware and software integration and demonstrate the benefits of our Home OS platform. Also, we believe that having direct interaction with our targeted customers is an effective way to demonstrate the advantages of our products over those of our competitors, and that providing a high-quality sales and after-sales customer support is critical to attracting new users and retaining existing ones.

Together with our network partners, we had established a network of approximately 700 Viomi offline experience stores, the majority of which were stand-alone stores, as of June 30, 2018.

Below are pictures of a Viomi offline experience store.

Scenario-driven presentation and bundled sales

We display our products so that consumers are able to test first-hand our Home OS platform and the IoT @ Home lifestyle experience. Customers can then place orders for products they wish to purchase either directly at those stores or by scanning the QR code, after which the selected products are delivered to them directly.

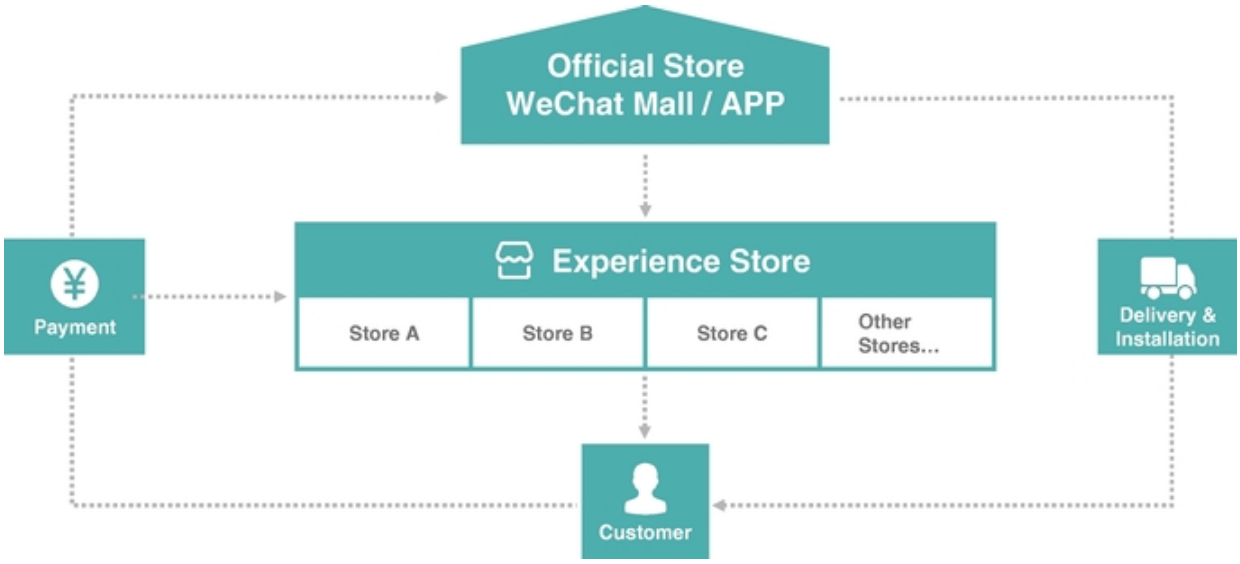
In addition, since customers in these Viomi offline experience stores can experience the full range of our products and see how they interact with each other, we believe they are more likely to engage in bundled purchases.

Asset-light model and flattened distribution channel

Through our agreements with our regional network partners, we authorize them to open and operate Viomi offline experience stores within a designated area, either by directly operating those stores or through franchise operating arrangements. We have the technology infrastructure to manage our regional network partners. We control the qualification of new regional network partners, provide extensive ongoing training to them, and periodically review their performance.

Such an asset-light model is cost-efficient, and we believe the network of Viomi offline experience stores is well-suited to China's fragmented and localized customer needs. With our flattened distribution layers, we are able to support attractive pricing of our products. Utilizing this highly scalable model, we can leverage the resources of our regional network partners to achieve rapid expansion and deep penetration of our network without significant capital outlays.

Below is an illustration of our F2C sales model and flattened distribution structure.



Retail channel control

We conduct our offline sales mostly through the network of Viomi offline experience stores, giving us control of the presentation of our brand. This strategy allows us to present our brand in a consistent manner, including marketing, pricing and product presentation. It also enables us to reduce logistical complexities and costs as we are not subject to timing, delivery and quantity requirements set by third-party retailers, allowing our employees to instead concentrate on product development and customer service.

Research and Development

We are passionate about developing new and innovative products and services.

Scenario-driven approach

Instead of focusing on bringing a new product to market, we start our product development process by identifying a scenario built upon a number of our IoT products that together can address the user's specific scenario-based needs. Based on this information, we identify the respective products necessary to cater to such a scenario.

Team composition

As of March 31, 2018, our total research and development staff consisted of approximately 153 employees across multiple R&D centers and product groups teams, representing 35.7% of our total number of employees. We incurred RMB29.9 million and RMB60.7 million (US$9.3 million) in research and development expenses in 2016 and 2017, respectively.

Our research and development team includes global and cross-industry experts in technical product hardware development, software, AI, including industry experts who previously worked at Dyson, Siemens, and Bosch.

Hardware

Our hardware engineering team supports our product design and the design of key system components. Our industrial design team works closely with product managers and development engineers throughout the entire production cycle.

Our product development cycle consists of five phases: conceptualization, product design, technical design, tooling and pilot production, and commercial production. After a product is launched, we continuously improve our products, refine our design and uncover defects by monitoring user feedback. This feedback is both manually reviewed and automatically aggregated and analyzed, and through it we draw key insights for product improvement.

We opened a hardware innovation center in 2017, which is headed by an industry expert who previously worked with market leaders for innovation.

Software

Our software engineering team, consisting of about 60 software engineers as of March 31, 2018, is responsible for developing our company-wide software platform to support the integration of our products and applications, the transmission, storage and processing of user data, the implementation of user-product interaction, the internal management of manufacturing and distribution, as well as our AI algorithms. We rely on our software to connect our IoT products and our cloud-based system. The key elements of our software engineering philosophy include security, reliability and extensibility.

Artificial Intelligence

In 2016, we opened our specialized AI lab that focuses on applying AI technology to our Home OS platform. These applications include voice and gesture recognition and control, facial, image, and movement recognition, and algorithms based on big data and deep learning. We develop certain core components of our AI technologies and incorporate third-parties' solutions with respect to other components to build an effective system.

Intellectual Property

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality agreements, to establish and protect our proprietary rights. We generally do not rely on third-party licenses of intellectual property for use in our business.

As of the date of this prospectus, we have 686 patents registered with the State Intellectual Property Office of China, among which: (1) 69 registered patents will expire in 2024; (2) 63 registered patents will expire in 2025; (3) 307 registered patents will expire in 2026; (4) 216 registered patents will expire in 2027; (5) 5 registered patents will expire in 2028; (6) 13 registered patents will expire in 2034; (7) 9 registered patents will expire in 2035; and (8) 4 registered patents will expire in 2036.

Globally, as of the date of this prospectus, we have 32 patents registered and over 70 pending patent applications in various overseas countries and jurisdictions, including the United States, Europe, India, Korea and certain Southeast Asia countries, among which: (1) 3 registered patents will expire in 2026; (2) 8 registered patents will expire in 2027; (3) 9 registered patents will expire in 2031; (4) 3 registered patents will expire in 2032; (5) 8 registered patents will expire in 2036; and (6) 1 registered patents will expire in 2037.

As of the date of this prospectus, we have registered over 100 trademarks in China.

In addition to the protections described above, we generally control access to and use of our proprietary and other confidential information through the use of internal and external controls, such as

use of confidentiality agreements with our employees and outside consultants, and our employees seconded at our contract manufacturers.

Relationship with Xiaomi

Xiaomi is our strategic partner and shareholder. Our strategic partnership with Xiaomi gives us access to Xiaomi's ecosystem users, market and data resources and related support. Meanwhile, our strong research and development capabilities and innovative products and services also enrich Xiaomi's suite of offerings, resulting in a mutually-beneficial relationship between Xiaomi and us.

Our cooperation with and sales to Xiaomi extends to a wide arrange of products, which currently include Xiaomi-branded water purification systems, water purifier filters, as well as other complimentary products such as kettles and water quality meters. Sales of these products are governed by a business cooperation agreement, pursuant to which Xiaomi is responsible for the distribution and sales of these products through its networks and sales channels. Please see the description under "Related Party Transactions—Our Relationship with Xiaomi" for a summary of the material terms of this business cooperation agreement. We recover our manufacturers and logistics cost when we deliver Xiaomi-branded products. In addition, we will also share a portion of net profits when Xiaomi is successful in selling such products to end users.

We also sell our own Viomi-branded products through Xiaomi's e-commerce platform, Youpin.mi.com, directly to consumers. We are charged with service fees proportionate to the sales amount of our products excluding refunds, or as otherwise agreed for certain products. Please see the description under "Related Party Transactions—Our Relationship with Xiaomi" for a summary of the material terms of the commission sales agreement.

In 2016 and 2017, we generated a majority of our net revenues from sales to Xiaomi of Xiaomi-branded smart water purifiers and affiliated products. For a detailed discussion of our risks associated with the cooperation with Xiaomi, see "Risk Factors—Risks Related to Our Business and Industry—Xiaomi is our strategic partner and our most important customer. Any deterioration of our relationship with Xiaomi could have a material adverse effect on our operating results."

Sales and Marketing

Our sales team

Our sales team consists of a marketing team and a branding team. Our sales team works directly with customers across our platforms including our Viomi store mobile app, our official website, our WeChat Viomi store, and our third-party online platforms. Our sales team also works closely with third-party online platforms.

Our marketing team positions and prices our products and produces promotional materials such as informative videos and brochures. They manage the relationships with our extensive network of third-party partners, design the Viomi offline experience stores, and provide training and support to ensure the proper presentation of the functionalities of our Home OS platform in our offline expansion efforts.

Our branding team operates our participation in offline events such as the Appliance & Electronics World Expo and our product launches. They manage our public relation activities and direct our advertising and branding efforts.

Marketing

Our marketing is focused on building our brand reputation, increasing market awareness of our Home OS platform, driving customer demand and developing a strong sales pipeline, as well as collaborating with our third-party partners across our sales channels. Examples of our marketing initiatives include:

Branding and endorsements

Since our inception we have been emphasizing the value of customer feedback and direct communications with our users. In order to reach a wider customer base, we engage popular celebrities as brand ambassadors for our products and sponsor popular variety shows in China. For example, we hired Ms. Mi Yang, a successful actress with significant following, as our brand ambassador in 2017 to promote our water purifier. On April 11, 2017, we launched our "Viomi 11-18 Brand Day" campaign under which we offer sales and promotions during an 8-day period of each month. In 2018, we also started to sponsor the TV series *Negotiator*, and the reality show *Who's the Detective*, and the music show *Come Sing With Me*, all broadcast on the leading entertainment channel Hunan TV. In *Who's the Detective*, our connective smart home devices are deeply integrated into the plot of the show, often advancing the development of the story as an AI detective.

Events marketing

We organize and participate in various official offline events to promote our brand and the idea of a connected smart home. Our "Viomi 11-18 Brand Day" campaign includes not only online promotions, but also offline marketing efforts in the Viomi offline experience stores across the nation. We participated in exhibitions and forums such as the Appliance & Electronics World Expo 2018 and the 2018 "Belt and Road" Finance and Investment Forum. We successfully participated in shopping festivals across online e-commerce platforms such as "Singles' Day" and "Double Twelve," which are highly popular among Chinese consumers.

Social media

Our Viomi fans form WeChat groups where they can learn about our upcoming products, share thoughts and experiences, discover new functionalities, and make recommendations for improvements for our products and service. Our representatives regularly participate in the group discussions to respond to users' queries and to better understand users' fast-changing needs. We also maintain various official social media accounts to actively engage with users by answering their questions and concerns. As of March 31, 2018, we had a total of over 0.5 million followers on our WeChat and Viomi Store App.

Customer service

User experience is a key focus for our business. We strive to provide personalized support for our users, including support from live customer service representatives. If customers who shop through our online channels have any inquiries or complaints about our products or the ordering process, they can contact customer service representatives through real-time online chat or through our toll-free customer service phone number. To better serve our customers who may prefer offline interaction, our Viomi Store app also automatically shows the nearest Viomi offline experience store based on the location of the user.

After-sale service

The goal of our after-sale service is to create the best user experience for our customers. Our customers may return all products purchased from our official Viomi online store and other online platforms within seven days from receipt. Our customers may also have their products replaced for specific types of defects or quality issues as required under the relevant laws and regulations.

Delivery, installation, and maintenance

We ship, install, and maintain our products purchased online through third-party service providers. We have developed relationships with third-party logistics service providers to expand the geographic coverage of our shipping capabilities. We generally are able to have our products installed at the home of the customer within 10 days after online order placement.

Manufacturing and Fulfillment

Procurement and manufacturing

We outsource the substantial majority of the manufacturing of our products to our contract manufacturers, while assembling certain key components and high-end products, such as the UV module in our water purifiers, the instant heating modules, and V series water purifiers, in our own manufacturing facility.

Our outsourcing arrangements include confidentiality agreements, supply agreements, and quality control agreements. For products we sell to Xiaomi, Xiaomi provides us with production forecasts on a rolling basis, which serve as the primary indicator for our component procurement efforts. For our self-branded products, we procure completed components based on our internal sales and production plan for the next three months at the beginning of each month on a rolling basis.

We believe that outsourcing the manufacturing of our products provides us with greater scale and flexibility at lower costs than solely relying on our own manufacturing facility. We outsource the manufacturing of our products to a number of contract manufacturers, who produce our products using design specifications and standards that we have established. We also help our contract manufacturers to design the equipment and tooling used in the production and help train their workers. We evaluate on an ongoing basis our current contract manufacturers and component suppliers, including whether or not to utilize new or alternative contract manufacturers or component suppliers.

We procure certain key raw materials and components from domestic and overseas suppliers, and then consign them to our contract manufacturers. Our suppliers generally also provide direct order fulfillment services with logistics that include delivery of parts and assembly to either our own facility for inspection or our contract manufacturers directly.

Inventory management

Our inventory primarily consists of finished products and raw materials. We manage our inventory with measures appropriate to the use and nature of the inventory. Our manufacturing plans are designed and implemented to accommodate our sales and maintain reasonable inventory levels. We receive aggregated and geographically-enabled inventory data feeds from our centralized distribution network, which facilitates product shipment from warehouses that are closer to the delivery destination. Through close coordination with our customers and contract manufacturers and frequent purchases of components from suppliers, we are able to carry low levels of raw materials and in-process inventories, minimizing inventory risk.

Product quality assurance

We are committed to maintaining the highest level of quality in our products. We developed the quality assurance management software that monitors the manufacturing and quality assurance process used across our own manufacturing facility as well as our contract manufacturers. We have designed and implemented a quality management system that provides the framework for continuing improvement of our products and processes. For our new product lines, we conduct thorough examinations of product samples and each of their components at the product verification testing stage to make sure they satisfy all of our technical requirements. For our existing product lines, we also have a quality assurance team that establishes, communicates and monitors quality standards by product category. In addition, we have quality assurance personnel seconded to the facilities of our contract manufacturers to ensure that they fully adhere to our quality standards in the production process.

We have constant access to each manufacturing facility of our contract manufacturers, and our quality control team continuously monitors the quality of incoming components, materials and finished products, as well as the manufacturing processes at our contract manufacturers' facilities. We also require our

partners to maintain quality control over their logistics, production and quality inspection procedures based on ISO9001 quality standards.

IT Infrastructure

Our network infrastructure is designed to satisfy the requirements of our operations, to support the growth of our business and to ensure the reliability of our operations as well as the security of information on our platform. We continuously develop our platform to offer users an effortless and seamless experience across all of our products and services, while at the same time enhancing the reliability and scalability of our platform.

We have contracted with KSYUN and Alibaba Cloud Services to utilize their infrastructure, such as computing services, storage, server and bandwidth. We have a working data redundancy model with comprehensive backups of both cloud services. This redundancy supports the reliability of our network and the stable operation of our business.

Competition

We compete with other companies in all aspects of our business, particularly companies that are in the household appliances and smart home markets. The household appliances and smart home markets have a large number of participants, including traditional appliances and consumer electronics companies as well as AI and consumer internet companies that are moving into the hardware space.

We believe the principal competitive factors impacting the market for our products include: brand recognition, value for money, user experience, breadth of product and service offerings, product functionality and quality, sales and distribution as well as supply chain management. We believe we can compete favorably on the basis of these factors. Viomi has been developed as an aspirational, "next generation" brand with attractive value propositions that aims to bring the full suite of AI capabilities and IoT experience to the home environment, while continuing to leverage Xiaomi's brand recognition for Xiaomi-branded products. We plan to continue to leverage our strong research and development capabilities and introduce new and innovative products with advanced functionalities to market. In addition, we have developed strong and diversified sales channels via our omnichannel F2C new retail sales strategy and are making investments to strengthen our supply chain management resources. However, the industry in which we compete is evolving rapidly and is becoming increasingly competitive. For additional information, see "Risk Factors—Risks Related to our Business and Industry—We operate in highly competitive markets, and the scale and resources of some of our competitors may allow them to compete more effectively than we can, which could result in a loss of our market share and a decrease in our net revenues and profitability."

Employees

We had 428 employees as of March 31, 2018, respectively. The following table sets forth the numbers of our employees categorized by function as of March 31, 2018:

	As of March 31, 2018
Function:	
Research and development	153
Operational management	15
Sales and marketing	244
General administration	16
Total	428

We invest significant resources in the recruitment and training of our employees in support of our fast-growing business operations. We have a variety of training programs.

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance, childbirth insurance, work-related injury insurance, employment injury insurance, maternity insurance and unemployment insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We enter into standard confidentiality and employment agreements with our key employees. The agreements with our key personnel typically include standard non-compete covenants that prohibit the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment, provided that we pay compensation equal to a certain proportion of his or her pre-departure salary on a monthly basis during the restriction period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

Properties and Facilities

Our headquarters are located in Guangzhou, China, where we rent the office building with an aggregate floor area of approximately 1,080 square meters. Our research and development facilities and our management and operations facilities are located at our headquarters. Our manufacturing facility and office space located in Shengda Industry Park in Foshan, Guangdong Province, has an aggregate floor area of approximately 8,025 square meters.

We currently lease and occupy approximately 1,301 square meters of office space in Guangzhou, approximately 84 square meters of office space in Beijing and approximately 95 square meters of office space in Hangzhou. These leases vary in duration from one to six years.

Insurance

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased product liability insurance for our products, including water purifiers, gas stoves, range hoods and refrigerators, sold in the domestic market as well as those exported to the overseas market. We maintain public liability insurance for any personal injury or property loss of any third party occurred in our operating address of Foshan Viomi.

In line with general market practice, we do not maintain any business interruption insurance, which is not typical in our industry or mandatory under Chinese laws. We do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or information technology systems. We also do not maintain insurance policies against risks relating to the Contractual Arrangements.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

REGULATIONS

The majority of our business is located in PRC, and laws and regulations in PRC are most relevant to our business. This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulation on Value-Added Telecommunication Services

The Telecommunications Regulations of the PRC, promulgated by the State Council in 2000 and last amended in February 2016, provide a regulatory framework for telecommunications services providers in PRC. These regulations require telecommunications services providers to obtain operating licenses prior to the commencement of their operations. The telecommunications services are categorized into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Business, attached to the Telecommunications Regulations and last amended by the Ministry of Industry and Information Technology, in December 2015, transaction processing services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

The Administrative Measures on Internet Information Services, promulgated by the State Council in 2000 and amended in January 2011, set out guidelines on the provision of internet information services. This rule classified internet information services into commercial internet information services and non-commercial internet information services, and a commercial operator of transaction processing services must obtain an operating permit for value-added telecommunications services of internet information for the provision of online data processing and transaction processing services (the EDI License) from the appropriate telecommunications administration authorities. The Administrative Measures for Telecommunications Businesses Operating Licensing, promulgated by the Ministry of Industry and Information Technology, or the MIIT, in July 2017 and effective on September 1, 2017, provides that a commercial operator of value-added telecommunications services must first obtain a telecommunication operating license, from the MIIT or its provincial level counterparts. The Value-added Telecommunications Operating License is classified as the Cross-regional Value-added Telecommunications Operating License and the Value-added Telecommunications Operating License within a province, autonomous region and municipality directly under the central government. In addition, in the first quarter of every year while the operator is holding the license, it must report information such as business performance of the telecommunications business in the previous year, the actual progress in network buildup, business development, turnover of staff, institutional restructuring and service quality to the issuing authorities.

To comply with these regulations, Foshan Viomi has obtained an EDI license, which allows us to provide value-added telecommunications services through our value-added e-commerce platform.

Regulation on Catalogue relating to Foreign Investment

Investment activities in the PRC by foreign investors are subject to the Catalogue for the Guidance of Foreign Investment Industry, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce and the National Development and Reform Commission. Pursuant to the latest Catalogue, amended and issued on June 28, 2018, and effective on July 28, 2018, or the 2018 Catalogue, industries listed therein are divided into two categories: encouraged industries and the industries within the catalogue of special management measures, or the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Any industry not falling into any of the encouraged, restricted or prohibited categories is classified as a permitted industry for foreign investment. Establishment of wholly foreign-owned enterprises is generally allowed in industries outside of the Negative List. For the restricted industries within the Negative List, some are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold

the majority interests in such joint ventures. In addition, restricted category projects are subject to government approvals and certain special requirements. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Negative List are generally open to foreign investment unless specifically restricted by other PRC regulations.

In October 2016, the Ministry of Commerce issued the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises, and revised in July 2017. Pursuant to FIE Record-filing Interim Measures, the establishment and change of FIE are subject to record-filing procedures, instead of prior approval requirements, provided that the establishment or change does not involve special entry administration measures. If the establishment or change of FIE matters involves the special entry administration measures, the approval of the Ministry of Commerce or its local counterparts is still required. Pursuant to the Announcement [2016] No. 22 of the National Development and Reform Commission and the Ministry of Commerce dated October 8, 2016, the special entry administration measures for foreign investment apply to restricted and prohibited categories specified in the Catalogue, and the encouraged categories are subject to certain requirements relating to equity ownership and senior management under the special entry administration measures.

Currently, our business related to the development and application of IoT technology falls within the encouraged category while our provision of e-commerce services falls within the permitted category.

Regulation on Product Quality and Consumer Protection

The PRC Product Quality Law applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy the relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion. Any producer or seller producing or selling products that do not conform to the national standards or trade standards for ensuring human health and the personal or property safety shall be ordered to stop production or sale of the products; the products illegally produced or sold shall be confiscated; a fine no less than the equivalent of, but not more than three times, the value of the products illegally produced or sold (including those already sold and those not yet sold, hereinafter the same) shall be imposed concurrently; if there are illegal proceeds, such proceeds shall be confiscated concurrently; if the circumstances are serious, the business license shall be revoked. If the case constitutes a crime, criminal liability shall be investigated. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The PRC Consumer Protection Law, as amended in October 2013 and effective in March 2014, sets out the obligations of business operators and the rights and interests of the consumers. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities and guarantee the quality, function, usage and term of validity of the commodities. Where business operators use internet, television, telephone, mail or other means to sell their commodities, consumers have the right to return such commodities, except the following commodities within seven days from the date when the consumers receive the commodities without giving any reason:

1. commodities customized by the consumers;
2. fresh perishable commodities;
3. digitized commodities such as audio-video products and computer software downloaded online or opened by the consumers; and
4. delivered newspapers and periodicals.

Where business operators use internet, television, telephone, mail or other means to provide goods or services, or provide securities, insurance, banking or other financial services, they shall provide consumers with information in regard to themselves and the goods or services provided such as business address, contact information, quantity and quality, price or fees, term and method of performance, safety precautions, risk warnings, after-sale services, and civil liabilities. Consumers whose legitimate rights and interests are infringed while purchasing goods or receiving services via an online trading platform shall have the right to claim compensation from the vendor of the goods or the provider of the services. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, exchanging commodities, repairing, remanufacturing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. If the goods or services a business operator provide have caused personal injuries to consumers or other victims, the business operator shall compensate for the medical expenses, nursing expenses, transportation expenses and other reasonable fees for treatment and rehabilitation as well as the reduced income for loss of working time.

Under the Tort Law of the PRC, which became effective on July 1, 2010, producers shall bear tortious liability for damage caused to others by their defective products. If damages to other persons are caused by defective products due to the fault of a third party, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures such as issuance of a warning, recall of products, etc. in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

We are subject to the above laws and regulations as an online retailer of IoT products and believe that we are currently in compliance with these regulations in all material aspects.

Regulation on Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including patents, trademarks, copyrights and domain names.

Patents

Pursuant to the PRC Patent Law, most recently amended on December 27, 2008, and its implementation rules, most recently amended on January 9, 2010, patents in China fall into three categories: invention, utility model and design. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement of a product or method. A utility model is granted to a new technical solution that is practicable for application and proposed in respect of the shape, structure or a combination of both of a product. A design patent is granted to the new design of a certain product in shape, pattern or a combination of both, and in color, shape and pattern combinations aesthetically suitable for industrial application. Under the PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility models and designs are effective for ten years from the date of application. The PRC Patent Law adopts the principle of "first-to-file" system, which provides 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.

Existing patents can become narrowed, invalid or unenforceable due to a variety of grounds, including lack of novelty, creativity, and deficiencies in patent application. In China, a patent must have novelty, creativity and practical applicability. Under the PRC Patent Law, novelty means that before a patent

application is filed, no identical invention or utility model has been publicly disclosed in any publication in China or overseas or has been publicly used or made known to the public by any other means, whether in or outside of China, nor has any other person filed with the patent authority an application that describes an identical invention or utility model and is recorded in patent application documents or patent documents published after the filing date. Creativity means that, compared with existing technology, an invention has prominent substantial features and represents notable progress, and a utility model has substantial features and represents any progress. Practical applicability means an invention or utility model can be manufactured or used and may produce positive results. Patents in China are filed with the State Intellectual Property Office, or SIPO. Where, pursuant to the receipt of an application for a patent of an invention, the patent administrative department under the State Council, upon preliminary examination, finds the application conforms to the requirements of the Law, it shall publish the application promptly within 18 full months from the filing date. Upon the request of the applicant, the patent administrative department under the State Council may publish the application earlier.

Article 20 of the PRC Patent Law provides that, for an invention or utility model completed in China, any applicant (not just Chinese companies and individuals), before filing a patent application outside of China, must first submit it to the SIPO for a confidential examination. Failure to comply with this requirement will result in the denial of any Chinese patent for the relevant invention. This added requirement of confidential examination by the SIPO has raised concerns by foreign companies who conduct research and development activities in China or outsource research and development activities to service providers in China.

Patent enforcement

Unauthorized use of patents without consent from owners of patents, forgery of the patents belonging to other persons or engagement in other patent infringement acts will subject the infringers to infringement liability. Serious offences such as forgery of patents may be subject to criminal penalties.

When a dispute arises out of infringement of the patent owner's patent right, Chinese law requires that the parties first attempt to settle the dispute through mutual consultation. However, if the dispute cannot be settled through mutual consultation, the patent owner, or an interested party who believes the patent is being infringed, may either file a civil legal suit or file an administrative complaint with the relevant patent administration authority. In the event the patent administrative department, when handling the matter, believes there is an infringement, it may order the infringing party to cease the infringement with immediate effect. If the infringing party is not satisfied with the ruling, it may, within 15 days from the date of receiving the notification of the order, initiate legal proceedings in the people's court in accordance with the Law of the People's Republic of China on Administrative Proceedings. If the infringing party neither takes legal action at the expiration of the time limit nor ceases the infringement, the patent administrative department may request the people's court for a compulsory execution of the aforementioned order. A Chinese court may issue a preliminary injunction upon the patent owner's or an interested party's request before instituting any legal proceedings or during the proceedings. Damages for infringement are calculated as the loss suffered by the patent holder arising from the infringement, and if the loss suffered by the patent holder arising from the infringement cannot be determined, the damages for infringement shall be calculated as the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be determined by using a reasonable multiple of the license fee under a contractual license. Statutory damages may be awarded in the circumstances where the damages cannot be determined by the above-mentioned calculation standards. The damage calculation methods shall be applied in the aforementioned order. Generally, the patent owner has the burden of proving that the patent is being infringed. However, if the owner of an invention patent for manufacturing process of a new product alleges infringement of its patent, the alleged infringer has the burden of proof.

As of the date of this prospectus, we have over 680 patents granted and over 500 patents applications pending in China, over 30 patents granted and over 70 patents pending outside China.

Trademark law

The PRC Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration.

In addition, pursuant to the PRC Trademark Law, counterfeit or unauthorized production of the label of another person's registered trademark, or sale of any label that is counterfeited or produced without authorization will be deemed as an infringement to the exclusive right to use a registered trademark. The infringing party will be ordered to stop the infringement immediately, a fine may be imposed and the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to the gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement. If the gains or losses are difficult to determine, the court may render a judgment awarding damages of no more than RMB3 million.

As of the date of this prospectus, we have registered over 100 trademarks in China.

Software copyright law

The Copyright Law of the People's Republic of China (Revised in 2010), or the Copyright Law, provides that Chinese citizens, legal persons, or other organizations shall, 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. The purpose of the Copyright Law aims to encourage the creation and dissemination of works that are beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council in 2001, and amended subsequently, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures in 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

As of the date of this prospectus, we have registered 14 pieces of software copyright in China.

Regulation on domain name

Internet domain name registration and related matters are primarily regulated by CNNIC Implementing Rules of Domain Name issued by China Internet Network Information Center ("CNNIC"), the domain name registrar of mainland China, which became effective on May 29, 2012, the Administrative Measures for Internet Domain Names, issued by MIIT in August 2017 and effective as of November 1, 2017, and the Measures on Domain Name Disputes Resolution issued by CNNIC, which became effective on September 1, 2014. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

As of the date of this prospectus, we have registered 10 domain names.

Regulation on Manufacture and Sale of Home Appliances

Pursuant to the Administrative Regulations for Compulsory Product Certification, promulgated by the General Administration of Qualification Supervision, Inspection and Quarantine, or the AQSIQ, in 2009, products specified by the applicable government authorities shall not be delivered, sold, imported or used in other business activities until they are certified (or referred to as the Compulsory Product Certification) and labeled with China Compulsory Certification mark. For products that are subject to Compulsory Product Certification, the state implements unified product catalogue, or the 3C Catalogue, unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards. Pursuant to the First Batch Compulsory Product Certification Product Catalogue or the First Batch 3C Product Catalogue, by the AQSIQ and the Certification and Accreditation Administration, or the CNCA on December 3, 2001, household and similar electrical appliances, including the refrigerator, water heater, range hood, washing machine and water purifier, are required to obtain the Compulsory Product Certification in order to be delivered, sold, imported or used.

In addition, according to the Surveillance and Administrative Measures of Drinking Water Hygiene jointly promulgated by the Ministry of Health (currently, the National Health and Family Planning Commission, or NHFPC) of the PRC, and the Ministry of Construction of the PRC in 1997, and most recently amended by the Ministry of Housing and Urban-Rural Development and the National Health and Family Planning Commission in April 2016, any entities or individuals engaging in the production of the products relating to hygiene and safety of drinking water shall apply to health administration authorities for hygiene licenses.

According to the Classification Catalogue for Products Related to Drinking Water, promulgated by the Ministry of Health (currently, the National Health and Family Planning Commission, or NHFPC) and effective on September 20, 2007, and most recently amended on September 22, 2011, entities or individuals are required to obtain hygiene license from NHFPC before producing or importing any products relating to drinking water.

In July 2011, the Ministry of Health (currently, the National Health and Family Planning Commission, or NHFPC) promulgated the Notice on Adjustment of Hygiene Administrative License for Domestic Reverse Osmosis Water Purifier and Domestic Nano Filter Water Purifier, which delegates health administrative departments at the provincial level the authority to regulate domestic reverse osmosis water purifiers and domestic nano filter water purifiers. Hereafter, MOH and National Health and Family Planning Commission of the PRC promulgated Regulations on Administrative License for Hygienic Safety Products involving Drinking Water at the Provincial Level, delegating the authority of examination and approval of products related to hygiene and safety of drinking water, except for those made of new materials, technology and chemicals, to the health and family planning department at the provincial level.

Energy Label Management Rules, jointly promulgated by the NDRC and AQSIQ in 2004 and most recently amended in February 2016, provide that the products listed in the Catalogue of the People's Republic of China on the Products Affixed with Energy Efficiency Labels shall be marked with the energy-efficient labels. Manufacturers and importers of energy-using products included in such catalogue shall file a record of energy efficient labels and the relevant information with the AQSIQ and the China National Institute of Standardisation authorised by the NDRC.

According to the PRC Administration Rules of Industrial Product Production Licenses Regulations, promulgated in 2005 by the State Council and effective on September 1, 2005, no entity may produce any products in the Catalogue for Industrial Products Implementing Products Licensing System without obtaining an industrial product production license, and no entity or individual may produce, sell or use products in the such catalogue for which the relevant industrial product production license has not been obtained.

To comply with these laws and regulations, we have obtained the certificates, licenses and labels necessary for our current products. Further, we have verified the qualifications of our manufacturing contractors for the production of the relevant products before their engagement by requiring them to provide effective licenses, such as the industrial product production license.

Regulation on Mobile Internet

Pursuant to the Provisions on the Administration of Mobile Internet Applications Information Services, or the provisions on Administration of Application, promulgated by the Cyberspace Administration of China in June 2016 and effective on August 1, 2016, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out the duties including to establish and complete user information security protection mechanism, to establish and complete information content inspection and management mechanisms, to protect users' right to know and right to choose in the process of usage, and to record users' daily information and preserve it for 60 days. Application store services providers shall, within 30 days of the business going online and starting operations, conduct filing procedures with the local cybersecurity and information department. Furthermore, internet application store service providers and internet application information service providers shall sign service agreements to determinate both sides' rights and obligations.

As the operator of Viomi Store mobile app, we are subject to the above laws and regulations as an application information services provider and believe that we are currently in compliance with these regulations in all material aspects.

Regulation on Information Security

The Standing Committee of the National People's Congress promulgated the Cyber Security Law of the PRC, or the Cyber Security Law, which became effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cyber Security Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cyber security, or engage in activities by making use of the network that endanger the national security, honor and interests; incite subversion of state power; overthrow the socialist system; incite secession, undermining national unity, terrorism and extremism promotion, ethnic hatred and discrimination; spread violence and disseminate pornographic information, fabricating and spreading false information that disturbs economic and social order; or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cyber Security Law sets forth various security protection obligations for network operators, which are defined as "owners and administrators of networks and network service providers," including, among others, complying with a series of requirements of tiered cyber protection systems; verifying users' real identity; localizing the personal information and important data gathered and produced by key information infrastructure operators during operations within the PRC; and providing assistance and support to government authorities where necessary for protecting national security and investigating crimes.

To comply with these laws and regulations, we have adopted security policies and measures to protect our cyber system and user information.

Regulation on Internet Privacy

Pursuant to the Administrative Provisions on Mobile Internet Applications Information Services, effective on August 1, 2016, owners or operators of mobile applications that provide information services are required to be responsible for information security management; establish and improve the protective mechanism for user information; observe the principles of legality, rightfulness and necessity; and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users'

personal information. In addition, the Cyber Security Law also requires network operators to strictly keep confidential users' personal information that they have collected and to establish and improve user information protective mechanism. 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, which clarifies 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, it specifies the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

To comply with these laws and regulations, we have required our users to consent to our collecting and using their personal information, and established information security systems to protect users' privacy.

Regulation on Employment

The Labor Law of the PRC, effective in 1995 and most recently amended on August 27, 2009, the PRC Employment Contract Law, effective on January 1, 2008, and most recently amended on December 28, 2012, and the Implementing Regulations of the Employment Contract Law, effective on September 18, 2008, provide requirements concerning employment contracts between an employer and its employees, namely, employers must execute written labor contracts with full-time employees and regulate employee/employer rights and obligations. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely, a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, effective on July 1, 2011, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. In addition, social insurance contributions payable by an employee shall be paid on his or her behalf by the employer through transfer from wage deduction, and the employer shall notify each employee of details of social insurance contributions to his or her account on a monthly basis. According to the Regulations on Management of Housing Fund, effective on April 3, 1999, and most recently amended on March 24, 2002, when employing new staff or workers, the units shall undertake housing fund payment and deposit registration at the housing fund management center within 30 days from the date of the employment, and the housing fund to be paid and deposited by an individual staff member or worker shall be withheld from his salary by the unit for which he serves. An enterprise that fails to make housing fund contributions may

be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Regulation on Tax

PRC enterprise income tax

Pursuant to the PRC Enterprise Income Tax Law, or the EIT, which was promulgated in 2007 and took effect on January 1, 2008, and most recently amended on February 24, 2017, and the Implementing Regulations of the Law of the People's Republic of China on Enterprise income Tax, effective on January 1, 2008, enterprises and other organizations receiving income are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of such laws and regulations. EIT imposes a uniform enterprise income tax rate of 25% on all PRC resident enterprises, including foreign-invested enterprises, unless they qualify for certain exceptions. The enterprise income tax is calculated based on the PRC resident enterprise's global income as determined under PRC tax laws and accounting standards. If a non-resident enterprise sets up an organization or establishment in the PRC, it will be subject to enterprise income tax for the income derived from such organization or establishment in the PRC and for the income derived from outside the PRC but with an actual connection with such organization or establishment in the PRC.

According to EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Rules for the Certification of High and New Technology Enterprises, effected on January 1, 2008, and amended on January 29, 2016, specifying the criteria and procedures for the certification of High and New Technology Enterprises, and the certificate of a high and new technology enterprise, is valid for three years.

Pursuant to Circular of the State Administration of Taxation on Printing and Distributing the Implementing Measures for Special Tax Adjustments (for Trial Implementation), effective on January 1, 2008, enterprises shall adopt a reasonable transfer pricing method when conducting transactions with their affiliates. Tax authorities have the power to assess whether related transactions conform to the principle of equity and make adjustments accordingly. Therefore, the invested enterprise should faithfully report relevant information of its related transactions. Pursuant to the Announcement of the State Administration of Taxation on Issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Consultation Procedures, effective on May 1, 2017, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, and the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion.

PRC value added tax

In January 2012, the State Council officially launched a pilot value-added tax reform program, or the Pilot Program, applicable to businesses in selected industries. Businesses in the Pilot Program would pay value added tax, or VAT, instead of business tax. The Pilot Program initially applied only to transportation industries and "modern service industries" in Shanghai and would be expanded to eight trial regions (including Beijing and Guangdong province) and nationwide if conditions permit. According to official announcements made by competent authorities in Beijing and Guangdong province, Beijing launched the same Pilot Program on September 1, 2012, and Guangdong province launched it on November 1, 2012.

In March 2016, the MOF and the State Administration of Taxation, or the SAT, jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax, or Circular 36, which took effect on May 1, 2016. Pursuant to the Circular 36, all of the companies operating in construction, real estate, finance, life service or other sectors which were required to pay business tax are required to pay VAT, in lieu of business tax. The VAT rate is 6%, except for rate of

11% for real estate sale, land use right transferring and providing service of transportation, postal sector, basic telecommunications, construction and real estate lease; rate of 17% for providing lease service of tangible property; and rate of zero for specific cross-bond activities. At the State Council executive meeting on March 28, 2018, China's State Council has announced the VAT rate on manufacturing is to be cut by one percent to 16% which took effect on May 1, 2018. On April 4, 2018, the Ministry of Finance and the SAT promulgated the Notice on Adjusting Value-added Tax Rates, which reduced the tax rates for sale, import and export of goods, as well as the deduction rate for taxpayer's purchaser of agricultural products.

According to the Circular of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Tax Refund (Exemption) for Exported Goods (for Trial Implementation), effective on May 1, 2005, unless otherwise provided by law, for the goods as exported via an export agency, the exporter may, after the export declaration and the conclusion of financial settlement for sales, file a report to competent State Taxation Bureau for the approval of refund or exemption of VAT or consumption tax on the strength or the relevant certificates.

PRC dividend withholding tax

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, 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%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued in 2009 by the state administration of taxation, 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; and based on the Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties, issued on February 3, 2018, and effective on April 1, 2018, the business activities conducted by the applicant do not constitute substantive business activities is one of the factors which are not conductive to the determination of an applicant's status as a "beneficial owner", and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulation on Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended on August 5, 2008. Under the Foreign Exchange Administration Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

On August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within China. SAFE also strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed

without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. On March 30, 2015, SAFE issued SAFE Circular 19, which took effective and replaced SAFE Circular 142 on June 1, 2015. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in China, the restrictions continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans (unless permitted by the business scope) or for inter-company RMB loans. SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. Violations of SAFE Circular 19 or Circular 16 could result in administrative penalties.

On November 19, 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g., pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts), the reinvestment of lawful incomes derived by foreign investors in China (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration, and banks shall process foreign exchange business relating to the direct investment in China based on the registration information provided by SAFE and its branches.

On February 13, 2015, SAFE promulgated the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

Regulation on Foreign Exchange Registration of Offshore Investment by PRC Residents

On July 4, 2014, SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, and its implementation guidelines, which abolished and superseded the Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies, SAFE Circular 75. Pursuant to SAFE Circular 37 and its implementation guidelines, PRC residents (including PRC institutions and individuals) must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such PRC residents are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of

the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. 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, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

Mr. Xiaoping Chen, our PRC resident shareholder, has completed required registrations with the local counterpart of SAFE in relation to our financing and restructuring to our shareholding structure.

Regulation on Employee Share Incentive Plan of Overseas Publicly Listed Company

On December 25, 2006, the People's Bank of China promulgated the Administrative Measures for Individual Foreign Exchange. On February 15, 2012, SAFE issued the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, or the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly Listed Companies issued by SAFE on March 28, 2007. Pursuant to the Stock Option Rules, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges according to the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution, or other material changes. The PRC agents shall, on behalf of the PRC 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 PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC 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 PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with SAFE or its local branches.

Our PRC citizen employees who have been granted share options or restricted shares, or PRC grantees, are subject to the Stock Option Rules. If we or our PRC grantees fail to comply with the Individual Foreign Exchange Rule and the Stock Option Rules, we and/or our PRC grantees may be subject to fines and other legal sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law. In addition, the State Administration for Taxation has issued certain circulars concerning employee share awards. Under these circulars, our employees working in the PRC who exercise share options or hold the vested restricted shares will be subject to PRC individual income tax. Our PRC subsidiary and VIEs have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options or hold the vested restricted shares. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulation on Dividend Distributions

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include:

- Company Law of the PRC (1993), as amended in 1999, 2004, 2005 and 2013;
- Foreign Investment Enterprise Law of the PRC (1986), as amended in 2000 and 2016; and
- Administrative Rules under the Foreign Investment Enterprise Law (1990), as amended in 2001 and 2014.

Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10.0% of its after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50.0% of its registered capital. These reserves are not distributable as cash dividends. The foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds. A PRC company is not permitted to 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.

Regulation on Overseas Listings

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006, and revised on June 22, 2009. Foreign investors should comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in mainland China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by mainland Chinese companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

However, our PRC legal counsel has further advised us uncertainties still exist as to how the M&A Rules will be interpreted and implemented, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. If CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required for our initial public offering, we may face regulatory actions or other sanctions from CSRC or other PRC regulatory agencies.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Xiaoping Chen	43	Founder, Chairman of the Board of Directors and Chief Executive Officer
Luo Zou	36	Director and Vice President
De Liu	45	Director
Zhigang Yang	42	Vice President, Finance

Mr. Xiaoping Chen is our founder, and has served as the chairman of our board of directors and chief executive officer since our inception. Mr. Chen founded our company in May 2014. Prior to that, he served multiple positions in Midea Group Co., Ltd from 1999 to 2014, including vice president of development department and he was in charge of the research & development center from 2013 to 2014. Mr. Chen received his MBA degree from Sun Yat-sen University, and his dual bachelor's degrees in engineering and finance from Huazhong University of Science & Technology in 1998.

Ms. Luo Zou has served as our director since July 2015. Ms. Zou joined our company in May 2014 as vice president, and has been in charge of human resources and administration. Prior to joining our company, Ms. Zou served as manager of human resources in Guangdong Midea Consumer Electric Appliances Co., Ltd from 2005 to 2014. Ms. Zou received her bachelor's degree in marketing from Hunan Institute of Engineering in 2005.

Mr. De Liu has served as our director since June 2018. Mr. Liu is a co-founder and the senior vice president (Ecosystem) of Xiaomi, a mobile Internet company, where he is responsible for Xiaomi's IoT and lifestyle products business. Mr. Liu is a leading figure in industrial design in China and has received numerous industrial design awards together with his team, including 5 Red Dot Design Awards (Germany), 18 iF Design Awards (Germany) and 10 Red Star Design Awards (Mainland, China). Mr. Liu also holds various positions, including the vice-chairman of China Industrial Design Association and a member of National Manufacturing Strategy Advisory Committee. Mr. Liu has received many honors in the business world as well. To name a few, he was awarded "Zhongguancun Top Talent" in 2015 and "Beijing Top Innovative and Entrepreneurial Leading Talent" in 2016. Mr. Liu received his bachelor's degree in industrial design and master's degree in mechanical design and theory from Beijing Institute of Technology in 1996 and 2001, respectively, and his master's degree in industrial design from the Art Center College of Design in 2010.

Mr. Zhigang Yang has served as our vice president of finance since January 2018. Before joining us in January 2018, Mr. Yang served as senior finance director in Urban Revivo Co., Ltd in 2017. Prior to that, Mr. Yang served as finance and operation controller in Barco CEC Nanjing Co., Ltd. from 2016 to 2017. Mr. Yang also served as corporate controller in Umbra-Anbo Home Goods (Shenzhen) Co., Ltd. from 2013 to 2016. Mr. Yang received his MBA degree from HK Baptist University in 2014, and his bachelor's degree in accounting from Northeast Forestry University in 2002.

Board of Directors

Our board of directors will consist of directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided (a) such director, if his interest in such contract or arrangement is material, has declared the nature of his interest at the earliest

meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice, (b) such director has not been disqualified by the chairman of the relevant board meeting, and (c) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee in accordance with the Nasdaq/NYSE rules. The directors may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part: an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee will consist of , and . will be the chairman of our audit committee. We have determined that , and satisfy the "independence" requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/Rule5605(c)(2) of the Listing Rules of the Nasdaq] and Rule 10A-3 under the Exchange Act. We have determined that qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee will consist of , and . will be the chairman of our compensation committee. We have determined that , and satisfy the "independence" requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/Rule5605(c)(2) of the Listing Rules of the Nasdaq]. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and

- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of , and . will be the chairperson of our nominating and corporate governance committee. , and satisfy the "independence" requirements of [Section 303A of the Corporate Governance Rules of the New York Stock Exchange/Rule5605(c)(2) of the Listing Rules of the Nasdaq]. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;

- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;

- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and

- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;

- declaring dividends and distributions;

- appointing officers and determining the term of office of the officers;

- exercising the borrowing powers of our company and mortgaging the property of our company; and

- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies, or is found by our company to be or becomes of unsound mind; (iii) resigns his office by notice in writing to the company, (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our board of directors resolve that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed from office pursuant to any other provision of our post-listing amended and restated memorandum and articles of association, effective upon the completion of this offering.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for two years following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against

certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Compensation of Directors and Executive Officers

In 2017, we paid an aggregate of approximately RMB0.4 million in cash to our executive officers, and we did not pay any compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiary and VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

2015 Share Incentive Plan

In September 2015, our shareholders and board of directors adopted the 2015 Share Incentive Plan, which we refer to as the 2015 Plan in this prospectus, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2015 Plan is 12,727,272 shares. As of the date of this prospectus, awards to purchase 11,240,000 ordinary shares have been granted and are outstanding under the 2015 Plan, excluding awards that were forfeited or cancelled after the relevant grant dates.

The following paragraphs summarize the terms of the 2015 Plan.

Types of Awards. The 2015 Plan permits the awards of options and restricted shares.

Plan Administration. The board of directors or one or more committees designated by the board of directors or another committee, within its delegated authority, acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2015 Plan and any award agreement.

Award Agreement. Awards granted under the 2015 Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant. The award agreements evidencing options shall contain the terms established by the Administrator for that Award, as well as any other terms, provisions, or restrictions that the administrator may impose on the option or any ordinary shares subject to the option.

Exercise of Awards. The exercise price of an award will be determined by the plan administrator, which will be specified in applicable award agreement. Each option shall expire not more than 10 years after its date of grant.

Eligibility. We may grant awards to our officers, employees, consultants, and all members of the board of directors.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the relevant award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination. The plan shall terminate in September 2025, provided that our board of directors may terminate the plan at any time and for any reason.

The following table summarizes, as of the date of this prospectus, the awards granted under the 2015 Plan to several of our directors and executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

Name	Ordinary shares Underlying Options/Restricted Shares	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Zhigang Yang	*	0.55	March 21, 2018	March 21, 2028

Note:

* Less than 1% of our total outstanding shares.

As of the date of this prospectus, other employees as a group held outstanding options to purchase 10,740 ordinary shares of our company, at a weighted average exercise price of US$0.34 per share.

2018 Share Incentive Plan

In June 2018, our shareholders and board of directors adopted the 2018 Share Incentive Plan, which we refer to as the 2018 Plan in this prospectus, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of shares which may be issued pursuant to all awards is 17,672,728, plus an annual increase on the first day of each of the fiscal years of the Company after the completion of this offering during the term of this Plan commencing, by (i) an amount equal to 1.0% of the total number of the then outstanding shares or (ii) such fewer number of Shares as may be determined by the Board.

The following paragraphs summarize the terms of the 2018 Plan.

Types of Awards. The Plan permits the awards of options, restricted shares and restricted share units.

Plan Administration. The board of directors or a committee designated by the board of directors or another committee, within its delegated authority, acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2018 Plan and any award agreement.

Award Agreement. Awards granted under the 2018 Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant. The award agreements evidencing awards shall contain the terms established by the Administrator for that Award, as well as any other terms, provisions, or restrictions that the administrator may impose on the option or any ordinary shares subject to the option.

Exercise of Options. The exercise price per share subject to an option will be determined by the committee, which will be specified in applicable award agreement.

Eligibility. We may grant awards to our employees, consultants, and directors, as determined by the committee.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the relevant award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination and Amendment of the 2018 Plan. The 2018 Plan has a term of ten years, provided that our board of directors may terminate or amend the plan at any time and for any reason. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

No share awards has been granted under the 2018 Share Incentive Plan as of the date of this prospectus.

PRINCIPAL AND SELLING SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our shares as of the date of this prospectus by:

- each of our directors and executive officers;
- each of our principal shareholders who beneficially own 5% or more of our total outstanding shares on an as-converted basis; and
- each selling shareholder.

The calculations in the table below are based on 169,600,000 ordinary shares outstanding on an as-converted basis as of the date of this prospectus, and ordinary shares outstanding immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary shares Beneficially Owned Prior to This Offering		[Ordinary shares Being Sold in This Offering]		Ordinary shares Beneficially Owned Immediately After This Offering	
	Number	%	Number	%	Number	%
Directors and Executive Officers*:						
Xiaoping Chen(1)	67,636,364	39.9%				
Luo Zou	5,072,727	3.0%				
De Liu	—	—				
Zhigang Yang	—	—				
All Directors and Executive Officers as a Group	72,709,091	42.9%				
Principaland SellingShareholders:						
Viomi Limited(1)	67,636,364	39.9%				
Shunwei Talent Limited(2)	35,636,364	21.0%				
Red Better Limited(3)	33,818,182	19.9%				
SCC Venture V Holdco I, Ltd.(4)	10,909,091	6.4%				

Notes:

* Each of Mr. Xiaoping Chen, Ms. Luo Zou and Zhigang Yang's business address is Wansheng Square, Rm 1302 Tower C, Xingang East Road, Haizhu District, Guangzhou, Guangdong, Guangdong, 510220, People's Republic of China. Mr. De Liu's business address is Rainbow City Office Building, 68 Qinghe Middle Street, Haidian District, Beijing 100085, People's Republic of China.

(1) Represents 67,636,364 ordinary shares held by Viomi Limited, a British Virgin Islands company. Viomi Limited is wholly owned by Mr. Xiaoping Chen. The registered address of Viomi Limited is NovaSage Incorporation (BVI) Limited of NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. All the class B ordinary shares held by Viomi Limited will be automatically converted to ordinary shares upon closing of this offering.

(2) Represents 33,818,182 ordinary shares and 1,818,182 series A preferred shares held by Shunwei Talent Limited. The registered address of Shunwei Talent Limited. is Vistra Corporate Services Center, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. Shunwei Talent Limited is wholly owned by Shunwei China Internet Fund II, L.P. The general partner of Shunwei China Internet Fund II, L.P. is Shunwei Capital Partners II GP, L.P. The general partner of Shunwei Capital Partners II GP, L.P. is Shunwei Capital Partners II GP Limited. The shareholders of Shunwei Capital Partners II GP Limited are Team Guide Limited, a British Virgin Islands company which is wholly-owned by Mr. Jun Lei, and Gifted Ventures Limited, another British Virgin Islands company, which is wholly owned by Mr. Koh Tuck Lye. All the class B ordinary shares and

preferred shares held by Shunwei Talent Limited will be automatically converted to ordinary shares upon closing of this offering.

(3) Represents 33,818,182 class B ordinary shares held by Red Better Limited, a British Virgin Islands liability limited company. The address of Red Better Limited is Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. Red Better Limited is wholly owned by Fast Pace Limited, a British Virgin Islands company wholly owned by Xiaomi Corporation. All class B ordinary shares held by Red Better Limited will be automatically converted to ordinary shares upon closing of this offering.

(4) Represents 10,909,091 series A preferred shares held by SCC Venture V Holdco I, Ltd. The registered address of SCC Venture V Holdco I, Ltd. is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P. The general partner of Sequoia Capital China Venture Fund V, L.P. is SC China Venture V Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly owned by SNP China Enterprises Limited, which in turn is wholly owned by Mr. Neil Nanpeng Shen. All preferred shares held by SCC Venture V Holdco I, Ltd. will be automatically converted to ordinary shares upon closing of this offering.

As of the date of this prospectus, none of our ordinary shares or preferred shares are held by record holder in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with Our VIEs and Their Respective Shareholders

See "Corporate History and Structure."

Shareholders Agreement and Investor Rights Agreement

See "Description of Share Capital—History of Securities Issuances."

Employment Agreements and Indemnification Agreements

See "Management—Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Management—2015 Share Incentive Plan" And "Management—2018 Share Incentive Plan."

Private Placements

See "Description of Share Capital—History of Securities Issuances."

Our Relationship with Xiaomi

Xiaomi is our strategic partner and shareholder.

We leverage Xiaomi's ecosystem users, market and data resources and related support to fuel our development. Our sales to Xiaomi, including Xiaomi-branded water purification systems, water purifier filters, as well as other complimentary products such as kettles and water quality meters, is governed by a business cooperation agreement, pursuant to which Xiaomi is responsible for the distribution and sales of such products through their network and sales channels. We also sell products through Xiaomi's online e-commerce channel Youpin.mi.com, and are charged of commissions pursuant to a commission sales agreement.

In 2017, we recorded RMB739.5 million (US$113.7 million) in revenues from Xiaomi and its affiliates primarily for the sales of Xiaomi-branded products.

Business cooperation agreement

The current business corporation agreement entered into in 2017 with Xiaomi governs all our sales to Xiaomi. It will expire in August 2018, and will automatically extend for successive one-year period unless objected by a party at least 30 days prior to the expiration of the then current term. This agreement can be terminated earlier by Xiaomi, among other reasons, if (i) we breach the material obligation underlying this agreement and purchase order, (ii) except as prohibited by applicable bankruptcy laws, we declare bankruptcy, or if we are unable to repay due loans, or perform contracts, or if our assets are transferred to or taken by other creditors, (iii) the products fail to meet Xiaomi's requirements, and Xiaomi determines that there is no value to remedy or the products still fail the requirement after three times' remedies, (iv) we fail to deliver the products on time without reasonable cause and Xiaomi's prior written consent, and (v) we fail to store the data to clouds designated by Xiaomi, cause disputes of violating users' personal information, or disclose user data to any third party without Xiaomi's consent.

Our cooperation with and sales to Xiaomi covers a wide range of products, which currently include Xiaomi-branded water purification systems, water purifier filters, as well as other complementary products such as kettles and water quality meters. Under the business cooperation agreement, (i) these products are exclusively designed for and can only be sold to Xiaomi, (ii) Xiaomi shall purchase these products at a price that covers all of our costs of raw materials, outsourcing manufacture, models, logistics and paid

intellectual property licensing fees, in connection with the manufacture and delivery of these products, and (iii) Xiaomi and we shall share gross profits, derived from sales of these products, the retail prices of which were set by Xiaomi and us together.

Regarding the intellectual property, Xiaomi by itself owns all industrial designs generated from the process of design, development, manufacturing and sales of the products we sell to Xiaomi. Xiaomi and we have joint ownership over all other technology properties and related intellectual properties generated from the process of design, development, manufacturing and sales of these products.

Regarding user data, we and Xiaomi shall jointly own the user data of all products we sell to Xiaomi. We can share or license user data to third parties only after we obtain Xiaomi's prior written consent. After the user data of Xiaomi-branded products reaches certain volume threshold, Xiaomi will also need to obtain our consent before making it available for use by any third party.

Youpin commission sales agreement

We have entered into a commission sales agreement with Xiaomi for the sale of certain of our self-branded products. The commission sales agreement will expire on December 31, 2018 with no automatic renewal provision. Furthermore, this agreement may be terminated by Xiaomi with 30 days' written notice. This agreement can also be terminated earlier by Xiaomi at any time, among other reasons, if (i) our products or products information provided by us violate laws and regulations; (ii) the products will or may cause material operation risks of Xiaomi (iii) our products have or may have apparent risks of damaging users' interests; or (iv) we breach the material obligation underlying this agreement. In the past, we successfully replaced a commission sales agreement with Xiaomi for sales through the predecessor of *Youpin.mi.com* that expired on December 31, 2017 with the current Youpin commission sales agreement.

Under the commission sales agreement, we shall pay a service fee, 8% of the sales price excluding refunds to customers for product returns or as otherwise agreed by the parties with respect to specific product lines, as well as a deposit to Xiaomi. The retail prices of our products on Youpin's platform shall be no higher than the sales price from any other e-commerce merchants or our official offline sales channel, including in the event of sales or promotion. If the prices of our products on Youpin platform are higher than any other sales channels, Xiaomi has the right to delist our products or terminate our cooperation with its full discretion. The deposit collected or service fee will also be forfeited in such event. Xiaomi may also delist our products in following events: (i) the sales amount of our product has been lower than the projection for a consecutive season; (ii) Xiaomi receives over ten complaints based on after-sale or customer services quality issues; (iii) we cause losses to users or Xiaomi due to material faults in quality, logistics, after-sale or other reasons, or involved in misleading propaganda; (iv) the prices of our products are higher than other channels and we fail to adjust promptly upon Xiaomi's notice; or (v) the reputation of our products fail to meet the agreed standard.

We shall use and arrange logistics services by ourselves with the warehousing and logistics services designated by Xiaomi, and record relevant shipment information into Youpin's platform within 24 hours upon shipment.

Regarding the intellectual property, we are not allowed to use any intellectual properties of Xiaomi without its written consent. However, we may display the QR code of "Youpin" on our products according to Xiaomi's requirements. We may be obligated to pay Xiaomi damages of no less than RMB100,000 upon any breach in the usage of "Youpin" and its related trademarks and logos.

Transaction with Xiaomi

In 2017, we recorded RMB739.5 million (US$113.7 million) in revenues from Xiaomi primarily for the sales of Xiaomi-branded products. As of December 31, 2017, the amount due from Xiaomi was RMB273.7 million (US$42.1 million), which was all collected in the first quarter of 2018.

In 2016, we recorded RMB299.8 million in revenues from Xiaomi primarily for the sales of Xiaomi-branded products. As of December 31, 2016, the amount due from Xiaomi was RMB45.5 million, which was all collected in the first quarter of 2017.

We provided an interest-bearing loan of US$5.0 million to Xiaomi in 2016, which was repaid in March 2018. We also recorded RMB0.3 million and RMB0.5 million in interest income from this loan in 2016 and 2017, respectively. We borrowed an interest-bearing loan of RMB31.9 million from Xiaomi, which was also repaid in March 2018. We also incurred a RMB1.8 million and RMB1.8 million interest expense for this loan in 2016 and 2017, respectively.

We purchased RMB1.3 million and RMB1.7 million of products from Xiaomi in 2016 and 2017, respectively. We also paid RMB0.2 million and RMB3.3 million in commission fees to Xiaomi in 2016 and 2017, respectively, which was incurred by selling our own self-branded products on Youpin.mi.com.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands, which we refer to as the Companies Law below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US$50,000 divided into 500,000,000 shares, comprising of (i) 346,545,454 class A ordinary shares with a par value of US$0.0001 each, of which 16,145,454 shares are issued and outstanding, (ii) 135,272,728 class B ordinary shares with a par value US$0.0001 each, of which 135,272,728 shares are issued and outstanding, and (iii) 18,181,818 series A preferred shares with a par value of US$0.0001 each, all of which are issued and outstanding. All of our issued and outstanding shares are fully paid.

Immediately upon the completion of this offering, all of the class A ordinary shares, class B ordinary shares, and preferred shares that are issued and outstanding will be converted to ordinary shares on a one-for-one basis, and our authorized share capital will consist of ordinary shares with a par value of US$0.0001 each.

Our Post-Offering Memorandum and Articles of Association

Our shareholders have adopted an amended and restated memorandum and articles of association, which will become effective and replace our current amended and restated memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association and of the Companies Law, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our post-offering memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the Cayman Islands law.

Ordinary shares. Our ordinary shares are issued in registered form and are issued when registered in our register of shareholders. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our post-offering memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the votes attaching to the total ordinary shares which are present in person or by proxy at the meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering memorandum and articles of association. Holders of the ordinary shares may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-offering memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies Law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our post-offering memorandum and articles of association provide that upon the requisition of shareholders representing in aggregate not less than one-third of the votes attaching to the outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our post-offering memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Ordinary shares. Subject to the restrictions set out in our post-offering memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as [the New York Stock Exchange/ Nasdaq] may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of [the New York Stock Exchange/ Nasdaq], be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of

the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our Company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Law, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of all the holders of the issued shares of that class or series or with the sanction of a resolution passed by a majority of the votes cast at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Issuance of Additional Shares. Our post-offering memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our post-offering memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records.

However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Anti-Takeover Provisions. Some provisions of our post-offering memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our post-offering memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting

of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our post-offering memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an

ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our post-offering memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our post-offering memorandum and articles of association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of

directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our post-offering memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our post-offering memorandum and articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our post-offering memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the unanimous written consent of the holders of a

majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Law and our post-offering memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our post-offering memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

Ordinary shares

In July 2015, we issued a total of 33,818,182 class A ordinary shares to Viomi Limited, and a total of 135,272,728 class B ordinary shares to Viomi Limited, Red Better Limited and Shunwei Talent Limited in exchange of their equity interests in Foshan Viomi and Beijing Viomi.

Preferred shares

On July 21, 2015, we issued an aggregate of 18,181,818 series A preferred shares to SCC Venture V Holdco I, Ltd., Shunwei Ecosystem Fund, L.P., Shunwei Talent Limited, Morningside China TMT Special Opportunity Fund, L.P., and Morningside China TMT Fund III Co-Investment, L.P. for an aggregate consideration of US$20.0 million.

Option grants

We have granted options to purchase our ordinary shares to certain of our directors, executive officers and employees.

As of the date of this prospectus, the aggregate number of our ordinary shares underlying our outstanding options is 11,240,000. See "Management—2015 Share Incentive Plan."

Shareholders agreement and registration rights

We entered into a shareholders agreement on July 21, 2015 with our shareholders, which consist of holders of ordinary shares and preferred shares. The shareholders agreement provides for certain special rights, including right of first refusal, co-sale rights, preemptive rights and contains provisions governing the board of directors and other corporate governance matters. Those corporate governance provisions, as well as special rights, except the registration rights, will automatically terminate upon the completion of a qualified initial public offering.

Registration rights granted to shareholders

We have granted certain registration rights to our shareholders under the shareholders agreement. Set forth below is a description of the registration rights.

Demand Registration Rights. At any time after the earlier of (i) July 21, 2021 or (ii) one year following the closing of an initial public offering, holders of at least 25% of the class B ordinary shares and preferred shares (or ordinary shares issued on the conversion of class B ordinary shares and preferred shares) then outstanding has the right to demand that we file a registration statement covering at least 20% (or any lesser percentage if the anticipated gross proceeds to us from such proposed offering would exceed US$5.0 million) of the registrable securities. We have the right to defer filing of a registration statement for a period of not more than 90 days (except for a registration statement on Form F-3, which shall be 60 days) after the receipt of the request of the initiating holders if we furnish to the holders requesting registration a certificate signed by our president or chief executive officer stating that in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right more than once in any 12-month period. We are obligated to effect no more than two demand registrations, other than demand registration to be effected pursuant to registration statement on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer our shareholders an opportunity to include in the registration all or any part of the registrable securities held by such holders. If the managing underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriters may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and underwriting shall be allocated first, to us, second to each of the holders requesting inclusion of their registrable securities on a pro rata basis, and third to holders of other securities of us.

Form F-3 Registration Rights. Our shareholders may request us in writing to file an unlimited number of registration statements on Form F-3 so long as such registration offerings are in excess of US$500,000. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances.

Expenses of Registration. We will bear all registration expenses, other than selling expenses, underwriting discounts and commissions, and fees for special counsel of the holders participating in such registration, incurred in connection with any demand, piggyback or Form F-3 registration.

Termination of Registration Rights. Our shareholders' registration rights will terminate on the earlier of (i) the date that is the fifth anniversary of the closing of an initial public offering, (ii) upon our termination, liquidation, dissolution, and liquidation event and (iii) with respect to any shareholder, when the registrable securities proposed to be sold by such shareholder may then be sold without registration in any 90-day period pursuant to Rule 144 under the Securities Act.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

, as depositary will issue the ADSs which you will be entitled to receive in this offering. Each ADS will represent an ownership interest in ordinary shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary and yourself as an ADR holder. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you. Unless specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

The depositary's office is located at .

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Islands law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all registered holders from time to time of ADSs issued under the deposit agreement. The obligations of the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms apart. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at http://www.sec.gov.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the deposit agreement. You will receive these distributions in portion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in portion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depositary's expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. The depositary will hold any cash amounts it is unable to distribute in a non-interest-bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.

- *Rights to Receive Additional Shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not furnish such evidence, the depositary may:

- sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or

- if it is not practicable to sell such rights, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of , as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account of the depositary. ADR holders thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities".

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of shares,
- to give instructions for the exercise of voting rights at a meeting of holders of shares,
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR, or
- to receive any notice or to act in respect of other matters all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. As soon as practicable after receiving notice of any meeting or solicitation of consents or proxies from us, the depositary will distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received by the depositary and describing how you may instruct the depositary to exercise the voting rights for the shares which underlie your ADSs. For instructions to be valid, the depositary must receive them in the manner and on or before the date specified. No voting instructions may be deemed given to the depositary to give a discretionary proxy to a person designated by us if no instructions are received by the depositary from you on or before the response date established by the depositary. The depositary will try, as far as is practical, subject to the provisions of and governing the underlying shares or other deposited securities, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. The depositary will not itself exercise any voting discretion. Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

Under our constituent documents the depositary would be able to provide us with voting instructions without having to personally attend meetings in person or by proxy. Such voting instructions may be provided to us via facsimile, email, mail, courier or other recognized form of delivery and we agree to accept any such delivery so long as it is timely received prior to the meeting. We will endeavor to provide the depositary with written notice of each meeting of shareholders promptly after determining the date of such meeting so as to enable it to solicit and receive voting instructions. In general, the depositary will require that voting instructions be received by the depositary no less than five business days prior to the date of each meeting of shareholders. Under the post-offering amended and restated memorandum and articles of association that we expect to adopt, the minimum notice period required to convene a general meeting is seven days. The depositary may not have sufficient time to solicit voting instructions, and it is

possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Notwithstanding the above, we have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions (or the deemed voting instructions, as set out above) received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are cancelled or reduced for any other reason, US$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of US$ per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of up to US$ per ADS for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US$ per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record

dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);

- reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of the depositary's agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which charge shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);

- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares and there would be a fee of five cents per ADS outstanding);

- stock transfer or other taxes and other governmental charges;

- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares;

- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and

- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.

Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and exchange application and listing fees. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the ADR program are not known at this time. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net

proceeds of such sale. In either case the ADR holder remains liable for any shortfall. Additionally, if any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon, including, without limitation, any Chinese Enterprise Income Tax owing if Circular 82 issued by the Chinese State Administration of Taxation or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise, such tax or other governmental charge shall be paid by the holder thereof to the depositary. and by holding or having held an ADR the holder and all prior holders thereof, jointly and severally, agree to indemnify, defend and save harmless each of the depositary and its agents in respect thereof. If any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depositary may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders. Such notice need not describe in detail the specific amendments effectuated thereby, but must give ADR holders a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such amendment and to be bound by the deposit

agreement as so amended. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or within any other period of time as required for compliance. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating under the deposit agreement within 45 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 90th day after our notice of removal was first provided to the depositary. After termination, the depositary's only responsibility will be (i) to deliver deposited securities to ADR holders who surrender their ADRs, and (ii) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six months from the termination date, the depositary will sell the deposited securities which remain and hold the net proceeds of such sales (as long as it may lawfully do so), without liability for interest, in trust for the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to account for such proceeds and other cash.

Limitations on Obligations and Liability to ADS Holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;

- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and

- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdrawal shares may only be limited

under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents. Neither we nor the depositary nor any such agent will be liable if:

- any present or future law, rule, regulation, fiat, order or decree of the United States, the Cayman Islands, the People's Republic of China or any other country, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism or other circumstance beyond our, the depositary's or our respective agents' control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);

- it exercises or fails to exercise discretion under the deposit agreement or the ADR;

- it performs its obligations under the deposit agreement and ADRs without gross negligence or bad faith;

- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or

- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of deposited securities or otherwise. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of . The depositary and the custodian(s) may use third-party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide extraordinary services such as attendance at annual meetings of issuers of securities. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third-party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. Neither we nor the

depositary shall incur any liability for any tax consequences that may be incurred by holders or beneficial owners on account of their ownership of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. Neither the depositary nor any of its agents shall be liable to registered holders of ADRs or beneficial owners of interests in ADSs for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or the company directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory).

The depositary may own and deal in any class of our securities and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to instruct you to deliver your ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal with you directly as a holder of shares and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed from time to time, when deemed expedient by the depositary.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Pre-release of ADSs

In its capacity as depositary, the depositary shall not lend shares or ADSs; provided, however, that the depositary may issue ADSs prior to the receipt of shares (each such transaction a "pre-release"). The depositary may receive ADSs in lieu of shares (which ADSs will promptly be canceled by the depositary upon receipt by the depositary). Each such pre-release will be subject to a written agreement whereby the person or entity (the "applicant") to whom ADSs are to be delivered (a) represents that at the time of the pre-release the applicant or its customer owns the shares that are to be delivered by the applicant under such pre-release, (b) agrees to indicate the depositary as owner of such shares in its records and to hold such shares in trust for the depositary until such shares are delivered to the depositary or the custodian, (c) unconditionally guarantees to deliver to the depositary or the custodian, as applicable, such shares, and (d) agrees to any additional restrictions or requirements that the depositary deems appropriate. Each such pre-release will be at all times fully collateralized with cash, U.S. government securities or such other

collateral as the depositary deems appropriate, terminable by the depositary on not more than five (5) business days' notice and subject to such further indemnities and credit regulations as the depositary deems appropriate. The depositary will normally limit the number of ADSs involved in such pre-release at any one time to thirty percent (30%) of the ADSs outstanding (without giving effect to pre-released ADSs outstanding), provided, however, that the depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The depositary may also set limits with respect to the number of ADSs involved in pre-release with any one person on a case-by-case basis as it deems appropriate. The depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided in connection with pre-release transactions, but not the earnings thereon, shall be held for the benefit of the registered holders of ADRs (other than the applicant).

Appointment

In the deposit agreement, each registered holder of ADRs and each person holding an interest in ADSs, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs, and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

Governing Law

The deposit agreement and the ADRs shall be governed by and construed in accordance with the laws of the State of New York. In the deposit agreement, we have submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Notwithstanding the foregoing, any action based on the deposit agreement or the transactions contemplated thereby may be instituted by the depositary and holders in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China and/or the United States or through the commencement of an English language arbitration either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have ADSs outstanding, representing approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than by our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of our ADSs in the public market could adversely affect prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply to list the ADSs on the [New York Stock Exchange/ Nasdaq], but we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

Lock-up Agreements

We have agreed, for a period of 180 days after the date of this prospectus, [not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or ADSs or securities that are substantially similar to our ordinary shares or ADSs, including but not limited to any options or warrants to purchase our ordinary shares, ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed),] without the prior written consent of the representatives of the underwriters.

Furthermore, [each of our directors, executive officers and existing shareholders and certain option holders] have also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, ADSs and securities that are substantially similar to our ordinary shares or ADSs. These parties collectively own [all] of our outstanding ordinary shares, without giving effect to this offering.

In addition, through a letter agreement, we will instruct , as depositary, not to accept any deposit of any ordinary shares or issue any ADSs for 180 days after the date of this prospectus unless we consent to such deposit or issuance, and we have agreed not to provide consent without the prior written consent of the representatives on behalf of the underwriters. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See "Underwriting."

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of our ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for our ADSs or ordinary shares may dispose of significant numbers of our ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of our ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of our ADSs from time to time. Sales of substantial amounts of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of our ADSs.

Rule 144

All of our ordinary shares that will be outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are "restricted securities" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration

requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which immediately after this offering will equal ordinary shares, assuming the underwriters do not exercise their over-allotment option; or

- the average weekly trading volume of our ordinary shares of the same class, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

TAXATION

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. 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, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of our ordinary shares or on an instrument of transfer in respect of our ordinary shares.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that Viomi Technology Co., Ltd is not a PRC resident enterprise for PRC tax purposes. Viomi Technology Co., Ltd is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Viomi Technology Co., Ltd meets all of the conditions above. Viomi Technology Co., Ltd is a

company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that Viomi Technology Co., Ltd is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of Viomi Technology Co., Ltd would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that Viomi Technology Co., Ltd is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, Viomi Technology Co., Ltd, is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under SAT Public Notice 7 and SAT Public Notice 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. 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. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Public Notice 7 and SAT Public Notice 37, and we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37, or to establish that we should not be taxed under these circulars. See "Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies."

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that acquires our ADSs in this offering and holds our ADSs or ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenues Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenues Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not

address the U.S. federal estate, gift, and alternative minimum tax considerations, the 3.8% Medicare tax on certain net investment income, or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or ordinary shares (other than the discussion below relating to certain withholding rules and the U.S.-PRC income tax treaty (the "Treaty")). The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons liable for alternative minimum tax;
- holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of our stock (by vote or value);
- persons required to accelerate the recognition of any item of gross income with respect to their ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or ordinary shares through such entities.

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States or any state thereof or the District of Columbia;

- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC, for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the "asset test"). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our consolidated VIEs as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it. As a result, we consolidate its results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the consolidated VIEs for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the VIE for U.S. federal income tax purposes, and based upon our current and projected income and assets, including the proceeds from this offering, and projections as to the value of our assets, we do not expect to be a PFIC for the current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Fluctuations in the market price of our ADSs may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). If our market capitalization subsequently declines, we may be or become classified as a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances in which our net revenues from activities that produce passive income significantly increases relative to our net revenues from activities that produce non-passive income, or in which we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, the PFIC rules discussed below under "—Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC.

The discussion below under "—Dividends" and "—Sale or Other Disposition" is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under "—Passive Foreign Investment Company Rules."

Dividends

Any cash distributions paid on our ADSs or ordinary shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax on any such dividends at the lower capital gain tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) our ADSs or ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the Treaty, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. We intend to list the ADSs on the [Nasdaq/New York Stock Exchange]. Provided the listing is approved, we believe that the ADSs will be readily tradable on an established securities market in the United States and that we will be a qualified foreign corporation with respect to dividends paid on the ADSs. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Since we do not expect that our ordinary shares will be listed on established securities markets, we do not believe that dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "Taxation—People's Republic of China Taxation"), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, and regardless of whether our ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of taxation described in the preceding paragraph.

For U.S. foreign tax credit purposes, dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. If PRC withholding taxes apply to dividends paid to a U.S. Holder with respect to our ADSs or ordinary shares, such U.S. Holder may be able to obtain a reduced rate of PRC withholding taxes under the Treaty if certain requirements are met. In addition, subject to certain conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder who does not elect to claim a

foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex, and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or other disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. Individuals and other non-corporate U.S. Holders who have held the ADSs or ordinary shares for more than one year will generally be eligible for reduced tax rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the Treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the Treaty may elect to treat such gain as PRC source income. If a U.S. Holder is not eligible for the benefits of the income tax treaty or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). U.S. Holders are urged to consult their tax advisors regarding the creditability of any PRC tax.

Passive Foreign Investment Company rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest charge on the resulting tax deemed deferred with respect to each such taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our subsidiaries, our VIEs or any of the subsidiaries of our VIEs is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors

regarding the application of the PFIC rules to any of our subsidiaries, our VIEs or any of the subsidiaries of our VIEs.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to our ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of the ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs and we cease to be classified as a PFIC, such U.S. Holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable United States Treasury regulations (although a lower threshold applies for the quarter in which the initial public offering occurs). Our ADSs, but not our ordinary shares, will be treated as marketable stock upon their listing on the [New York Stock Exchange/ Nasdaq]. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or ordinary shares if we are or become a PFIC.

UNDERWRITING

We[, the selling shareholders] and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Under the terms and subject to the conditions contained in the underwriting agreement, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Morgan Stanley & Co. International plc and China International Capital Corporation Hong Kong Securities Limited are acting as joint bookrunners of this offering and as the representatives of the underwriters.

Underwriters	Number of ADSs
Morgan Stanley & Co. International plc	
China International Capital Corporation Hong Kong Securities Limited	
Total:	

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us [and the selling shareholders] and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken, other than the ADSs covered by the underwriters' option to purchase additional ADSs described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price listed on the cover page of this prospectus and part of the ADSs to certain dealers at a price that represents a concession not in excess of US$ per ADS from the initial public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the underwriters.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. Morgan Stanley & Co. International plc will offer ADSs in the United States through its registered broker-dealer affiliate in the United States, Morgan Stanley & Co. LLC. China International Capital Corporation Hong Kong Securities Limited is not a broker-dealer registered with the SEC. Therefore, to the extent China International Capital Corporation Hong Kong Securities Limited intends to make any offers or sales of ADSs in the United States, it will do so only through one or more SEC-registered broker-dealer affiliates in compliance with the applicable securities laws and regulations.

The address of Morgan Stanley & Co. International plc is 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. The address of China International Capital Corporation Hong Kong Securities Limited is 29th Floor, One International Finance Center, 1 Harbour View Street, Central, Hong Kong.

Option to Purchase Additional ADSs

We [and the selling shareholders] have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs from us [and the selling shareholders] at the public offering price listed on the cover page of this prospectus, less underwriters discounts and commissions. To the extent the option is exercised, each underwriter will

become severally obligated, subject to certain conditions, to purchase additional ADSs approximately proportionate to each underwriter's initial amount reflected in the table above.

Commissions and Expenses

Total underwriting discounts and commissions to be paid to the underwriters represent % of the total amount of the offering. The following table shows the per ADS total underwriting discounts and commissions to be paid to the underwriters by us [and the selling shareholders] and proceeds before expenses to us [and the selling shareholders]. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

		Total	
	Per ADS	No Exercise	Full Exercise
Public offering price	US$	US$	US$
Underwriting discounts and commissions to be paid by us	US$	US$	US$
Proceeds, before expenses, to us	US$	US$	US$
[Underwriting discounts and commissions to be paid by the selling shareholders]	US$	US$	US$
[Proceeds, before expenses, to the selling shareholders]	US$	US$	US$

The underwriters have agreed to reimburse us for a certain portion of our expenses in connection with our initial public offering.

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately US$ million, which includes legal, accounting, and printing costs and various other fees associated with the registration of our ordinary shares and ADSs.

Lock-Up Agreements

[We, our directors and executive officers, our existing shareholders [and certain option holders] have agreed with the underwriters to certain lock-up restrictions in respect of our ordinary shares, ADSs or securities that are substantially similar to our ordinary shares or ADSs during the period ending 180 days after the date of this prospectus, subject to certain exceptions. Immediately after the completion of this offering, a total of ordinary shares (representing approximately % of our ordinary shares then issued and outstanding) will be subject to the lock-up agreements or other restrictions on transfer. See "Shares Eligible for Future Sale."]

The representatives, in their sole discretion, may release our ordinary shares and ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time.

[New York Stock Exchange/Nasdaq] Listing

We are applying to list our ADSs on the [New York Stock Exchange/Nasdaq] under the symbol "VIOT."

Stabilization, Short Positions and Penalty Bids

In connection with the offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include short sales in accordance with Regulation M under the Exchange Act, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase

additional ADSs in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for, or purchases of, ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by, or for the account of, such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they are required to be conducted in accordance with applicable laws and regulations, and they may be discontinued at any time. These transactions may be effected on the [New York Stock Exchange/Nasdaq], the over-the-counter market or otherwise.

Electronic Distribution

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an Internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

Directed ADS Program

At our request, the underwriters have reserved up to % of the ADSs being offered by this prospectus (assuming exercise in full by the underwriters of their option to purchase additional ADSs) for sale at the initial public offering price to certain of our directors, executive officers, employees, business associates and members of their families. The directed ADS program will be administered by . We do not know if these individuals will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs that are available to the general public. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs offered by this prospectus.

Discretionary Sales

The underwriters do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

Indemnification

We and the selling shareholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include the sales and trading of securities, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, financing, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may in the future perform a variety of such activities and services for us and for persons or entities with relationships with us for which they received or will receive customary fees, commissions and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, directors, officers and employees may at any time purchase, sell or hold a broad array of investments, and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to the assets, securities and/or instruments of us (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments. In addition, the underwriters and their respective affiliates may at any time hold, or recommend to clients that they should acquire, long and short positions in such assets, securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or ADSs. The initial public offering price was determined by negotiations between us and the representatives of the underwriters. Among the factors considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, were our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Australia. This prospectus:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "Corporations Act");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;

- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The ADSs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the ADSs may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any ADSs may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the ADSs, you represent and warrant to us that you are an Exempt Investor.

As any offer of ADSs under this prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the ADSs you undertake to us that you will not, for a period of 12 months from the date of issue of the ADSs, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bermuda. The ADSs may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation

British Virgin Islands. The ADSs are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by us or on our behalf. The ADSs may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a BVI Company), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the ADSs for the purposes of the Securities and Investment Business Act, 2010, or SIBA or the Public Issuers Code of the British Virgin Islands.

The ADSs may be offered to persons located in the British Virgin Islands who are "qualified investors" for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognised exchange; and (iii) persons defined as "professional investors" under SIBA, which is any person (a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of our property; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has a net worth in excess of US$1,000,000 and that he consents to being treated as a professional investor.

Canada

Resale restrictions

The distribution of the ADSs in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of the ADSs are made. Any resale of the ADSs in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of canadian purchasers

By purchasing ADSs in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the ADSs without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106—Prospectus Exemptions;
- the purchaser is a "permitted client" as defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations;
- where required by law, the purchaser is purchasing as principal and not as agent; and
- the purchaser has reviewed the text above under Resale Restrictions.

Conflicts of interest

Canadian purchasers are hereby notified that the underwriters are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105—Underwriting Conflicts from having to provide certain conflict of interest disclosure in this prospectus.

Statutory rights of action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering memorandum (including any amendment thereto) such as this prospectus contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Enforcement of legal rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and eligibility for investment

Canadian purchasers of ADSs should consult their own legal and tax advisors with respect to the tax consequences of an investment in the ADSs in their particular circumstances and about the eligibility of the ADSs for investment by the purchaser under relevant Canadian legislation.

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. ADSs or ordinary shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Cayman Islands.

Dubai International Financial Centre ("DIFC"). This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area.

Prohibition of sales to EEA Retail Investors

The ADSs 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 ("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"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). 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.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017 /593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, ADSs have been subject to a product approval process, which has determined that such ADSs are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target

Market Assessment, Distributors should note that: the price of the ADSs may decline and investors could lose all or part of their investment; the ADSs offer no guaranteed income and no capital protection; and an investment in the ADSs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the joint bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the ADSs.

Each distributor is responsible for undertaking its own target market assessment in respect of the ADSs and determining appropriate distribution channels.

Hong Kong. The ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules promulgated thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules promulgated thereunder.

Japan. ADSs will not be offered or sold directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws, rules and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Korea. The ADSs have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "FSCMA"), and the ADSs have been and will be offered in Korea as a private placement under the FSCMA. None of the ADSs may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "FETL"). Furthermore, the purchaser of the ADSs shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the ADSs. By the purchase of the ADSs, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the ADSs pursuant to the applicable laws and regulations of Korea.

Kuwait. Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds," its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be

marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

Malaysia. No prospectus or other offering material or document in connection with the offer and sale of the ADSs has been or will be registered with the Securities Commission of Malaysia ("Commission") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the ADSs, as principal, if the offer is on terms that the ADSs may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the ADSs is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

People's Republic of China. This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not be offered or sold directly or indirectly to any resident of the PRC or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the ADSs or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this prospectus are required by the issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Qatar. In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

Saudi Arabia. This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

Singapore. This prospectus or any other offering material relating to our ADSs has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, or the SFA. Accordingly, (a) our ADSs have not been, and will not be, offered or sold or made the subject of an invitation for subscription or purchase of such ADSs in Singapore, and (b) this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our ADSs have not been and will not be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor as specified in Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275 of the SFA) and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

South Africa. Due to restrictions under the securities laws of South Africa, the ADSs are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

1. the offer, transfer, sale, renunciation or delivery is to:

   (a) persons whose ordinary business is to deal in securities, as principal or agent;

   (b) the South African Public Investment Corporation;

   (c) persons or entities regulated by the Reserve Bank of South Africa;

   (d) authorised financial service providers under South African law;

   (e) financial institutions recognised as such under South African law;

   (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

   (g) any combination of the person in (a) to (f); or

2. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "South African Companies Act")) in South Africa is being made in connection with the issue of the ADSs. Accordingly, this document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the ADSs in South Africa constitutes an offer of the ADSs in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "SA Relevant Persons"). Any investment or investment activity to which this document relates is available in

South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland. The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

Taiwan. The ADSs have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the ADSs in Taiwan.

United Arab Emirates. The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

United Kingdom. This prospectus is only being distributed to and is only directed at: (1) persons who are outside the United Kingdom; (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (3) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons falling within (1)-(3) together being referred to as "relevant persons"). The ADSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the ADSs will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the [NYSE/Nasdaq market entry and listing fee], all amounts are estimates.

SEC Registration Fee	US$
FINRA Filing Fee	
[NYSE/Nasdaq Market Entry and Listing Fee]	
Printing and Engraving Expenses	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Miscellaneous	
Total	**US$**

LEGAL MATTERS

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Cleary Gottlieb Steen & Hamilton LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Han Kun Law Offices and for the underwriters by Zhong Lun Law Firm. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Han Kun Law Offices with respect to matters governed by PRC law. Cleary Gottlieb Steen & Hamilton LLP may rely upon Zhong Lun Law Firm with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements as of December 31, 2016 and 2017, and for each of the two years in the period ended December 31, 2017 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm, given on the authority of such firm as experts in auditing and accounting.

The registered business address of PricewaterhouseCoopers Zhong Tian LLP is 6/F DBS Bank Tower, 1318, Lu Jia Zui Ring Road, Pudong New Area, Shanghai, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC.

VIOMI TECHNOLOGY

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Viomi Technology Co., Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Viomi Technology Co., Ltd and its subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive (loss) income, of changes in shareholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Guangzhou, the People's Republic of China
June 26, 2018

We have served as the Company's auditor since 2018.

VIOMI TECHNOLOGY

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands except for number of shares and per share data)

	Note	As of December 31, 2016 RMB	2017 RMB	2017 US$ (Note2(e))	2017 RMB Pro forma (Note 19) (Unaudited)	2017 US$ Pro forma (Note 19) (Unaudited)
Assets						
Current assets						
Cash and cash equivalents	4	156,930	279,952	43,028	279,952	43,028
Accounts receivable from third parties (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)		—	4,348	668	4,348	668
Accounts receivable from a related party (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)	15	45,021	249,548	38,355	249,548	38,355
Other receivables from related parties (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)	15	35,481	57,608	8,854	57,608	8,854
Inventories	5	24,196	50,692	7,791	50,692	7,791
Prepaid expenses and other current assets	6	14,538	23,283	3,579	23,283	3,579
Total current assets		276,166	665,431	102,275	665,431	102,275
Non-current assets						
Property, plant and equipment, net	7	3,532	3,086	474	3,086	474
Deferred tax assets	10	2,247	3,048	468	3,048	468
Total non-current assets		5,779	6,134	942	6,134	942
Total assets		281,945	671,565	103,217	671,565	103,217
Liabilities, mezzanine equity and shareholders' (deficit) equity						
Current liabilities						
Accounts payable (including accounts payable of the consolidated VIEs without recourse to the Group of RMB73,029 and RMB291,643 as of December 31, 2016 and 2017, respectively)		73,029	291,643	44,825	291,643	44,825
Advances from customers (including advances from customers of the consolidated VIEs without recourse to the Group of RMB7,703 and RMB27,015 as of December 31, 2016 and 2017, respectively)		7,703	27,015	4,151	27,015	4,151
Amounts due to related parties (including amounts due to related parties of the consolidated VIEs without recourse to the Group of RMB32,274 and RMB35,953 as of December 31, 2016 and 2017, respectively)	15	32,274	35,953	5,526	35,953	5,526
Accrued expenses and other liabilities (including accrued expenses and other liabilities of the consolidated VIEs without recourse to the Group of RMB18,158 and RMB60,953 as of December 31, 2016 and 2017, respectively)	8	19,330	61,424	9,441	60,928	9,363
Share-based compensation liabilities (including share-based compensation liabilities of the consolidated VIEs without recourse to the Group of nil and nil as of December 31, 2016 and 2017, respectively)	13	4,550	4,738	728	—	—
Income tax payables (including income tax payables of the consolidated VIEs without recourse to the Group of nil and RMB11,612 as of December 31, 2016 and 2017, respectively)		—	11,612	1,785	11,612	1,785
Total current liabilities		136,886	432,385	66,456	427,151	65,650
Non-current liabilities						
Accrued expenses and other liabilities (including accrued expenses and other liabilities of the consolidated VIEs without recourse to the Group of nil and RMB460 as of December 31, 2016 and 2017, respectively)	8	—	460	71	460	71
Total non-current liabilities		—	460	71	460	71
Total liabilities		136,886	432,845	66,527	427,611	65,721
Commitments and contingencies	17					

VIOMI TECHNOLOGY

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands except for number of shares and per share data)

	Note	As of December 31,				
		2016	2017	2017	2017	2017
		RMB	RMB	US$	RMB	US$
				(Note2(e))	Pro forma (Note 19) (Unaudited)	Pro forma (Note 19) (Unaudited)
Mezzanine equity						
Class B redeemable convertible ordinary shares ("Class B Ordinary Shares") (US$0.0001 par value; 135,272,728 shares authorized and issued as of December 31, 2016 and 2017; 84,545,455 shares outstanding , and liquidation value of RMB9,306 as of December 31, 2016 and December 31, 2017 ; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017)	12, 13	272,720	256,883	39,482	—	—
Series A redeemable convertible preferred shares ("Series A Preferred Shares") (US$0.0001 par value; 18,181,818 shares authorized, issued and outstanding as of December 31, 2016 and 2017; liquidation value of RMB183,453 as of December 31, 2016 and 2017, respectively; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017)	12	151,279	151,045	23,215	—	—
Total mezzanine equity		423,999	407,928	62,697	—	—
Shareholders' (deficit) equity						
Class A ordinary shares (US$0.0001 par value; 346,545,454 shares authorized and 33,818,182 shares issued as of December 31, 2016 and 2017; 16,909,090 and 25,363,636 shares outstanding as of December 31, 2016 and 2017, respectively; and 187,272,728 (unaudited) outstanding on a pro forma basis as of December 31, 2017)	11, 13	10	15	2	115	18
Additional paid-in capital		6,031	9,666	1,486	422,728	64,973
Accumulated deficit		(247,875)	(160,885)	(24,728)	(160,885)	(24,728)
Accumulated other comprehensive loss		(37,106)	(18,004)	(2,767)	(18,004)	(2,767)
Shareholders' (deficit) equity		(278,940)	(169,208)	(26,007)	243,954	37,496
Total liabilities, mezzanine equity and shareholders' (deficit) equity		281,945	671,565	103,217	671,565	103,217

The accompanying notes are an integral part of these consolidated financial statements.

VIOMI TECHNOLOGY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Amounts in thousands except for number of shares and per share data)

	Note	Year ended December 31, 2016 RMB	2017 RMB	2017 US$ (Note 2(e))
Net revenues:				
A related party	15	299,827	739,464	113,653
Third parties		12,747	133,755	20,557
Total net revenues	9	312,574	873,219	134,210
Cost of revenues:				
A related party		(1,321)	(1,296)	(199)
Third parties		(231,223)	(596,740)	(91,716)
Total cost of revenues	9	(232,544)	(598,036)	(91,915)
Gross profit		80,030	275,183	42,295
Operating expenses[(1)]:				
Research and development expenses		(29,926)	(60,749)	(9,337)
Selling and marketing expenses (including RMB166 and RMB3,327 with related parties for the years ended December 31, 2016 and 2017, respectively)		(20,929)	(95,296)	(14,648)
General and administrative expenses		(14,386)	(15,818)	(2,431)
Total operating expenses		(65,241)	(171,863)	(26,416)
Other (expenses) income		(481)	2,236	344
Income from operations		14,308	105,556	16,223
Interest (expenses) income (including net interest expense of RMB1,489 and RMB1,271 with related parties for the years ended December 31, 2016 and 2017, respectively)		(296)	2,402	369
Income before income tax benefit (expenses)		14,012	107,958	16,592
Income tax benefit (expenses)	10	2,247	(14,718)	(2,262)
Net income		16,259	93,240	14,330
Net income attributable to Viomi Technology Co., Ltd (the "Company")		16,259	93,240	14,330
Accretion of Series A Preferred Shares	12	(8,221)	(8,834)	(1,358)
Cumulative dividend on Series A Preferred Shares	12	(10,628)	(10,803)	(1,660)
Cumulative dividend on Class B Ordinary Shares	12	(863)	(877)	(135)
Undistributed earnings allocated to Series A Preferred Shares	12	—	(7,061)	(1,085)
Undistributed earnings allocated to Class B Ordinary Shares	12	—	(52,533)	(8,074)
Undistributed earnings allocated to unvested Class A ordinary shares	12	—	(5,099)	(784)
Net (loss) income attributable to ordinary shareholders of the Company		(3,453)	8,033	1,234
Net income		16,259	93,240	14,330
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustment		(23,080)	19,102	2,936
Total comprehensive (loss) income		(6,821)	112,342	17,266
Net (loss) income per share attributable to ordinary shareholders of the Company:				
Net (loss) income per ordinary share-basic	14	(0.28)	0.39	0.06
Net (loss) income per ordinary share-diluted	14	(0.28)	0.30	0.05
Weighted average number of ordinary shares used in computing net (loss) income per share				
Ordinary shares—basic	14	12,230,136	20,684,681	20,684,681
Ordinary shares—diluted	14	12,230,136	26,545,150	26,545,150

(1) Share-based compensation was allocated in operating expenses as follows:

	Note	Year ended December 31, 2016 RMB	2017 RMB	2017 US$ (Note2(e))
General and administrative expenses	13	6,863	3,303	508
Research and development expenses	13	3,464	1,903	292
Selling and marketing expenses	13	251	615	95

The accompanying notes are an integral part of these consolidated financial statements.

VIOMI TECHNOLOGY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Amounts in thousands except for number of shares and per share data)

	Class A Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Deficit
	Shares	Amount				
		RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2016	8,454,544	5	3,267	(264,134)	(14,026)	(274,888)
Vesting of Restricted Class A ordinary shares	8,454,546	5	673	—	—	678
Net income	—	—	—	16,259	—	16,259
Share-based compensation related to Restricted Shares	—	—	6,144	—	—	6,144
Share-based compensation related to 2015 Share Incentive Plan	—	—	4,168	—	—	4,168
Accretion of Series A Preferred Shares	—	—	(8,221)	—	—	(8,221)
Foreign currency translation adjustment	—	—	—	—	(23,080)	(23,080)
Balance as of December 31, 2016	16,909,090	10	6,031	(247,875)	(37,106)	(278,940)
Balance as of January 1, 2017	16,909,090	10	6,031	(247,875)	(37,106)	(278,940)
Vesting of Restricted Class A ordinary shares	8,454,546	5	684	—	—	689
Net income	—	—	—	93,240	—	93,240
Share-based compensation related to Restricted Shares	—	—	2,718	—	—	2,718
Share-based compensation related to 2015 Share Incentive Plan	—	—	2,817	—	—	2,817
Statutory reserve	—	—	6,250	(6,250)	—	—
Accretion of Series A Preferred Shares	—	—	(8,834)	—	—	(8,834)
Foreign currency translation adjustment	—	—	—	—	19,102	19,102
Balance as of December 31, 2017	25,363,636	15	9,666	(160,885)	(18,004)	(169,208)

The accompanying notes are an integral part of these consolidated financial statements.

VIOMI TECHNOLOGY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands except for number of shares and per share data)

	Year ended December 31,		
	2016	2017	2017
	RMB	RMB	US$ (Note 2(e))
Cash Flows from Operating Activities			
Net income	16,259	93,240	14,330
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,222	1,680	258
Inventory write-down	1,658	81	12
Share-based compensation	10,578	5,821	895
Deferred income tax benefit	(2,247)	(801)	(123)
Changes in operating assets and liabilities			
Accounts receivable from third parties	—	(4,348)	(668)
Accounts receivable from a related party	(33,084)	(204,527)	(31,435)
Inventories	(3,267)	(26,577)	(4,085)
Prepaid expenses and other current assets	(7,408)	(8,745)	(1,344)
Other receivables from related parties	847	(25,771)	(3,960)
Amounts due to related parties	(66)	1,179	181
Accounts payable	12,111	218,614	33,600
Advances from customers	7,702	19,312	2,968
Income tax payables	—	11,612	1,785
Accrued expense and other liabilities	11,194	43,136	6,630
Net Cash provided by Operating Activities	15,499	123,906	19,044
Cash Flows from Investing Activities			
Purchase of equipment	(1,609)	(1,234)	(190)
Net Cash used in Investing Activities	(1,609)	(1,234)	(190)
Cash Flows from Financing Activities			
Proceeds received from issuance of Series A Preferred Shares	12,999	—	—
Cash received from a shareholder	—	2,671	411
Net Cash provided by Financing Activities	12,999	2,671	411
Effect of exchange rate changes on cash and cash equivalents	2,913	(2,321)	(357)
Net increase in cash and cash equivalents	29,802	123,022	18,908
Cash and cash equivalents at beginning of the year	127,128	156,930	24,120
Cash and cash equivalents at end of the year	156,930	279,952	43,028
Supplemental disclosures of cash flow information:			
Cash paid for income tax	—	3,907	600
Cash paid for interest expense	1,790	1,785	274

The accompanying notes are an integral part of these consolidated financial statements.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Viomi Technology Co., Ltd (the "Company") is a holding company incorporated under the Laws of the Cayman Islands in January 2015. The Company, through its consolidated subsidiaries and variable interest entities ("VIEs") (collectively referred to as the "Group") is primarily engaged in the operation of developing and selling Internet-of-things-enabled ("IoT-enabled") smart home products in the People's Republic of China ("the PRC").

(a) History and Reorganization

The Group commenced its operations in May 2014 through Foshan Yunmi Electric Appliances Technology Co., Ltd. ("Foshan Viomi"), a PRC company established by Mr. Chen Xiaoping ("Mr. Chen" or the "Founder"), and Tianjin Jinxing Investment Co., Ltd. ("Tianjin Jinxing"), a subsidiary of Xiaomi Corporation ("Xiaomi"), who is an investor of the Company. Mr. Chen and Tianjin Jinxing invested RMB7,500 and RMB5,000 to establish Foshan Viomi and held 60% and 40% initial equity interests, respectively. Included in the RMB7,500 invested by Mr. Chen, RMB2,500 was invested by certain key management founders and held by Mr. Chen on their behalf (The key management founders, together with Mr. Chen are referred to "the Founders"). The Group has undertaken its reorganization ("Reorganization") as detailed below.

In January 2015, the Company was incorporated in the Cayman Islands, Viomi HK Technology Co., Limited ("Viomi HK") was incorporated in Hong Kong as a wholly owned subsidiary of the Company, Beijing Yunmi Technology Co., Ltd. ("Beijing Viomi") was set up as a domestic company. In May 2015, Lequan Technology (Beijing) Co., Ltd ("Lequan") was incorporated as a wholly owned subsidiary of Viomi HK in the PRC.

In July 2015, the Company issued 33,818,182 class A ordinary shares to exchange the interest of RMB2,500 in Foshan Viomi held by Mr. Chen on behalf of key management founders, 67,636,364 Class B Ordinary Shares to exchange the interest of RMB5,000 in Foshan Viomi owned by Mr. Chen, and 67,636,364 Class B Ordinary Shares to Red Better Limited ("Red Better"), a subsidiary of Xiaomi, and Shunwei Talent Limited ("Shunwei"), to exchange the interest of RMB5,000 held by Tianjin Jinxing. Concurrently, the Company obtained control over Foshan Viomi and Beijing Viomi through Lequan by entering into a series of contractual arrangements with Foshan Viomi, Beijing Viomi and their shareholders as detailed in note 1(b). As a result, Foshan Viomi and Beijing Viomi became the consolidated VIEs of the Group. The Reorganization lacks substance and should be treated as a non-substantive merger with no change in the basis of assets and liabilities of Foshan Viomi.

In addition, the Company issued 18,181,818 Series A Preferred Shares at the issue price of US$1.1 per share to a group of investors for considerations of US$20,000, including conversion of the outstanding bridge loans of US$5,250, which was provided by the same investors during January 2015 to July 2015. The remaining consideration was fully received in cash.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

As of December 31, 2017, details of the Company's subsidiaries and VIEs were as follows:

	Place of incorporation	Date of incorporation	Percentage of beneficial ownership	Principal activities
Subsidiaries:				
Viomi HK	Hong Kong	January 30, 2015	100%	Investment holding
Lequan	PRC	May 15, 2015	100%	Investment holding
VIEs:				
Foshan Viomi	PRC	May 6, 2014	100%	Home appliance development and sales
Beijing Viomi	PRC	January 12, 2015	100%	No substantial business
Subsidiaries of Foshan Viomi:				
Foshan Xiaoxian Electrical Technology Co., Ltd. ("Xiaoxian")	PRC	October 12, 2016	VIE's subsidiary	No substantial business
Foshan Discovery Electrical Technology Co., Ltd. ("Discovery")	PRC	March 10, 2017	VIE's subsidiary	No substantial business

(b) VIE Arrangements between the VIEs and the Company's PRC subsidiary

The Company, through Lequan, entered into the following contractual arrangements with Foshan Viomi, Beijing Viomi and their shareholders that enable the Company through its PRC subsidiary to (1) have power to direct the activities that most significantly affects the economic performance of the VIEs, through the exercise of the shareholders' rights under the shareholder voting proxy agreement as the shareholders' meetings of the VIEs appoint the board of directors of the VIEs, and (2) receive the economic benefits of the VIEs that could be significant to the VIEs through the exclusive consultation and service agreement. Accordingly, Lequan is considered the primary beneficiary of the VIEs and has consolidated the VIEs' financial results of operations, assets and liabilities in the Company's consolidated financial statements. In making the conclusion that Lequan is the primary beneficiary of the VIEs, the Company believes Lequan's rights under the terms of the option agreement provide it with a substantive kick-out right. As advised by the Company's PRC legal counsel, the Company believes the terms of the option agreement are valid, binding and enforceable under PRC laws and regulations currently in effect. The Company also believes that the consideration which is the minimum amount permitted by the applicable PRC law to exercise the option does not represent a financial barrier or disincentive for Lequan to currently exercise its rights under the exclusive option agreement.

A simple majority vote of Lequan's board of directors is required to pass a resolution to exercise Lequan's rights under the option agreement, for which Mr. Chen's, the CEO of the Company, consent is not required. Lequan's rights under the option agreement give Lequan the power to control the shareholders of Foshan Viomi and Beijing Viomi. In addition, Lequan's rights under the shareholder voting proxy agreement also reinforce Lequan's abilities to direct the activities that most significantly impact the VIEs' economic performance. The Company also believes that this ability to exercise control ensures that the VIEs will continue to execute consultation and service agreements and also ensures that consultation and service agreements will be executed and renewed indefinitely unless a written agreement is signed by all parties to terminate it or a mandatory termination is requested by PRC laws or regulations. Lequan has the rights to receive substantially all of the economic benefits from the VIEs.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Exclusive consultation and service agreement. In July 2015, Lequan entered into exclusive consultation and service agreements with Foshan Viomi and Beijing Viomi respectively to enable Lequan to receive substantially all of the economic benefits of the VIEs. Under the exclusive consultation and service agreements, Lequan has the exclusive right to provide or designate any entity affiliated with it to provide VIEs the technical and business support services, including information technology support, hardware management and updates, software development, maintenance and updates and other operating services. The exclusive consultation and service agreement could be indefinitely effective unless a written agreement is signed by all parties to terminate it or a mandatory termination is requested by PRC laws or regulations. The exclusive consultation and service agreement was effective in July 2015. The consultation and service agreement will remain effective until all equity interests and assets in Foshan Viomi and Beijing Viomi are sold to Lequan or the party designated by Lequan. Under this arrangement, Lequan has the sole discretion to receive an annual service fee at an amount up to 100% of the annual net income of Foshan Viomi and Beijing Viomi. In addition, Lequan is entitled to receive certain other technical service fees at the amount mutually agreed upon by Lequan and the respective VIE.

Equity pledge agreement. Pursuant to the equity pledge agreements in July 2015 among Foshan Viomi, Beijing Viomi, all of their shareholders and Lequan, all shareholders of Foshan Viomi and Beijing Viomi agreed to pledge their equity interests in Foshan Viomi or Beijing Viomi to Lequan to secure the performance of the VIEs' obligations under the existing exclusive option agreement, shareholder voting proxy agreement, exclusive consulting and service agreement and also the equity pledge agreement. The Pledge will remain binding until Foshan Viomi, Beijing Viomi and their shareholders discharge all their obligations under the contractual agreements.

Exclusive option agreement. Pursuant to the exclusive option agreements entered into in July 2015 among Lequan, Foshan Viomi, Beijing Viomi and their shareholders, the shareholders of Foshan Viomi and Beijing Viomi are obligated to sell their equity interest to Lequan. Lequan has the exclusive and irrevocable right to purchase, or cause the shareholders of Foshan Viomi and Beijing Viomi to sell to the party designated by Lequan, in Lequan's sole discretion, all of the shareholders' equity interests or any assets in Foshan Viomi and Beijing Viomi when and to the extent that applicable PRC law permits Lequan to own such equity interests and assets in Foshan Viomi and Beijing Viomi. The price to be paid by Lequan or any party designated by Lequan will be the minimum amount of consideration permitted by applicable PRC law at the time when such transaction occurs. All of the shareholders promised and agreed that they will refund the consideration once received to Lequan or any party designated by Lequan within 10 working days. Also, the shareholders of Foshan Viomi and Beijing Viomi should try their best to help Foshan Viomi and Beijing Viomi develop well and are prohibited from transferring, pledging, intentionally terminating significant contracts or otherwise disposing of any significant assets in Foshan Viomi and Beijing Viomi without the Lequan's prior written consent. The exclusive option agreement will remain effective until all equity interests and assets in Foshan Viomi and Beijing Viomi are sold to Lequan or the party designated by Lequan.

Shareholder voting proxy agreement. On July 21, 2015, all of the shareholders of Foshan Viomi and Beijing Viomi have executed a shareholder voting proxy agreement with Lequan, Foshan Viomi and Beijing Viomi, whereby all of the shareholders irrevocably appoint and constitute the person designated by

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Lequan as their attorney-in-fact to exercise on their behalf any and all rights that the shareholders have in respect of their equity interests in Foshan Viomi and Beijing Viomi. The shareholder voting proxy agreement will be indefinitely effective unless all parties decide to terminate it by written agreement.

Management therefore concluded that the Company, through its PRC subsidiary and the above contractual arrangements, has the power to direct the activities that most significantly impact the VIEs' economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the VIEs, and therefore the Company is the ultimate primary beneficiary of these VIEs. Consequently, the financial results of the VIEs were included in the Group's consolidated financial statements.

Risks in relation to VIE structure

The Company believes that the contractual arrangements between Lequan and its VIEs and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit Lequan's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiary and VIEs;
- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIEs;
- limit the Group's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIEs may not be able to comply;
- impose additional conditions or requirements with which the Group may not be able to comply;
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business or
- require the Company or the Company's PRC subsidiary or VIEs to restructure the relevant ownership structure or operations.

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate its VIEs in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and their respective shareholders and it may lose the ability to receive economic benefits from the VIEs. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary or VIEs.

Mr. Chen is the largest shareholder of Foshan Viomi and Beijing Viomi, and Mr. Chen is also the largest beneficiary owner of the Company. The interests of Mr. Chen as the largest beneficiary owner of the VIEs may differ from the interests of the Company as a whole, since Mr. Chen is only one of the beneficiary shareholders of the Company. The Company cannot assert that when conflicts of interest arise, Mr. Chen will act in the best interests of the Company or that conflicts of interests will be resolved in the

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Company's favor. Currently, the Company does not have existing arrangements to address potential conflicts of interest Mr. Chen may encounter in his capacity as a beneficial owner and director of the VIEs, on the one hand, and as a beneficial owner and director of the Company, on the other hand. The Company relies on Mr. Chen, as a director and executive officer of the Company, to fulfill his fiduciary duties and abide by laws of the PRC and Cayman Islands and act in the best interest of the Company. If the Company cannot resolve any conflicts of interest or disputes between the Company and Mr. Chen, the Company would have to rely on legal proceedings, which could result in disruption of its business, and there is substantial uncertainty as to the outcome of any such legal proceedings.

In addition, the other current shareholder of Foshan Viomi and Beijing Viomi is also a beneficial owner of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, to further protect the investors' interest from any risk that the shareholders of the Foshan Viomi and Beijing Viomi may act contrary to the contractual arrangements, the Company, through Lequan, entered into a shareholder voting proxy agreement with all of the shareholders of Foshan Viomi and Beijing Viomi in July 2015. Through the shareholder voting proxy agreement, all shareholders of Foshan Viomi and Beijing Viomi have entrusted the person designated by Lequan as its proxy to exercise their rights as the shareholders of Foshan Viomi and Beijing Viomi with respect to an aggregate of 100% of the equity interests in Foshan Viomi and Beijing Viomi.

In January 2015, the Ministry of Commerce ("MOFCOM"), released for public comment a proposed PRC law, the Draft Foreign Investment Enterprises ("FIE") Law, that appears to include VIEs within the scope of entities that could be considered to be FIEs, that would be subject to restrictions under existing PRC law on foreign investment in certain categories of industry. Specifically, the Draft FIE Law introduces the concept of "actual control" for determining whether an entity is considered to be an FIE. In addition to control through direct or indirect ownership or equity, the Draft FIE Law includes control through contractual arrangements within the definition of "actual control". If the Draft FIE Law is passed by the People's Congress of the PRC and goes into effect in its current form, these provisions regarding control through contractual arrangements could be construed to include the Group's contractual arrangements with its VIEs, and as a result, the Group's VIEs could become explicitly subject to the current restrictions on foreign investment in certain categories of industry. The Draft FIE Law includes provisions that would exempt from the definition of FIEs where the ultimate controlling shareholders are either entities organized under PRC law or individuals who are PRC citizens. The Draft FIE Law is silent as to what type of enforcement action might be taken against existing VIE, that operates in restricted or prohibited industries and is not controlled by entities organized under PRC law or individuals who are PRC citizens. If the restrictions and prohibitions on FIEs included in the Draft FIE Law are enacted and enforced in their current form, the Group's ability to use the contractual arrangements with its VIEs and the Group's ability to conduct business through the VIEs could be severely limited.

The following table sets forth the assets, liabilities, results of operations and cash flows of the VIEs and its subsidiaries taken as a whole, which were included in the Group's consolidated balance sheets and

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

consolidated statements of comprehensive (loss) income. Transactions between the VIEs and its subsidiaries are eliminated in the financial information presented below:

	As of December 31,	
	2016	2017
	RMB	RMB
Cash and cash equivalents	88,333	210,280
Accounts receivable from third parties (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)	—	4,348
Accounts receivable from a related party (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)	45,021	249,548
Other receivables from related parties (net of allowance of nil and nil as of December 31, 2016 and 2017, respectively)	475	24,160
Inventories	24,196	50,692
Prepaid expenses and other current assets	14,424	22,986
Total current assets	172,449	562,014
Property, plant and equipment, net	3,532	3,086
Deferred tax assets	2,247	3,048
Total non-current assets	5,779	6,134
Total assets	178,228	568,148
Accounts payable	73,029	291,643
Advances from customers	7,703	27,015
Amounts due to related parties	32,274	35,953
Accrued expenses and other liabilities	18,158	60,953
Income tax payables	—	11,612
Total current liabilities	131,164	427,176
Accrued expenses and other liabilities	—	460
Total non-current liabilities	—	460
Total liabilities	131,164	427,636

	Year ended December 31,	
	2016	2017
	RMB	RMB
Revenue	312,523	873,083
Net income	16,295	92,159
Net cash provided by operating activities	13,146	123,182
Net cash used in investing activities	(1,609)	(1,234)
Net cash provided by financing activities	12,999	—

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") to reflect the financial position, results of operations and cash flows of the Group. Significant accounting policies followed by the Group in the preparation of the consolidated financial statements are summarized below.

(b) Consolidation

The Group's consolidated financial statements include the financial statements of the Company, its subsidiaries and VIEs for which the Company or its subsidiary is the primary beneficiary. All transactions and balances among the Company, its subsidiaries and VIEs have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting powers; or has the power to appoint or remove the majority of the members of the board of directors; or to cast a majority of votes at the meeting of directors; or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual agreements, bears the risks of, and enjoys the rewards normally associated with ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity. In determining whether the Company or its subsidiaries are the primary beneficiary, the Company considered whether it has the power to direct activities that are significant to the VIE's economic performance, and also the Company's obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Lequan and ultimately the Company hold all the variable interests of the VIE and has been determined to be the primary beneficiary of the VIE.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements include inventory valuation, product warranties, share-based compensation, fair value of preferred shares, and the valuation allowance for deferred tax assets and income tax. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

(d) Foreign currency translation

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company and its subsidiary incorporated in Hong Kong is United States dollar ("US$"), while the functional currency of the Group's entities in the PRC is RMB, which is their respective local currency. In the consolidated financial statements, the financial information of the Company and its subsidiary in Hong Kong, which use US$ as their functional currency, have been translated into RMB. Assets and liabilities

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, and incomes are translated using the average exchange rate for the period. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive (loss) income in the statement of comprehensive (loss) income.

(e) Convenience Translation

Translations of balances in the consolidated balance sheets, consolidated statements of comprehensive (loss) income and consolidated statements of cash flows from RMB into US$ as of and for the year ended December 31, 2017 are solely for the convenience of the reader and were calculated at the noon buying rate of US$1.00 = RMB6.5063 on December 29, 2017 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2017, or at any other rate.

(f) Cash and cash equivalents

Cash includes currency on hand and deposits held by financial institutions that can be added to or withdrawn without limitation. Cash equivalents represent short-term and highly liquid investments placed with banks, and all highly liquid investments with original maturities of three months or less, which have both of the following characteristics:

i) Readily convertible to known amounts of cash throughout the maturity period;

ii) So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

(g) Accounts receivable

Accounts receivable are stated at the historical carrying amount net of allowance for doubtful accounts. The Group uses specific identification in providing for bad debts when facts and circumstances indicate that collection is doubtful and a loss is probable and estimable. If the financial conditions of its customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The Company maintains an allowance for doubtful accounts which reflects its best estimate of amounts that potentially will not be collected. The Company determines the allowance for doubtful accounts on an individual basis taking into consideration various factors including but not limited to historical collection experience and credit-worthiness of the debtors as well as the age of the individual receivables balance. Additionally, the Company makes specific bad debt provisions based on any specific knowledge the Company has acquired that might indicate that an account is uncollectible. The facts and circumstances of each account may require the Company to use substantial judgment in assessing its collectability.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

The Group procures certain key raw materials and components from suppliers and send the materials to contract manufacturers for manufacture. The Group receives the finished goods from the contract manufacturers. Therefore, inventories of the Group consist of raw materials and finished goods. Inventories are stated at the lower of cost or net realizable value on a weighted average basis. Inventory costs include expenses that are directly or indirectly incurred in the purchase, and production of manufactured product for sale. Expenses include the cost of materials, consignment manufacturing cost and other direct costs. Cost is determined using the weighted average method. The Group assesses the valuation of inventory and periodically writes down the value for estimated excess and obsolete inventory based upon the product life-cycle. Write downs are recorded in cost of revenues in the consolidated statements of comprehensive (loss) income.

(i) Property, plant and equipment, net

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on a straight-line basis over the following estimated useful lives and residual value. Residual rate is determined based on the economic value of the property and equipment at the end of the estimated useful lives as a percentage of the original cost.

	Estimated useful lives	Residual rate
Computers and equipment	3 years	5%
Vehicle	4 years	5%

Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive (loss) income.

(j) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental expense is recognized from the date of initial possession of the leased property on a straight-line basis over the term of the lease. Rental expenses incurred by the Group were RMB0.4 million and RMB1.1 million for the years ended December 31, 2016 and 2017, respectively.

The Group has no capital leases for any of the periods presented.

(k) Mezzanine equity

Mezzanine equity represents the Series A Preferred Shares and Class B Ordinary Shares issued by the Company. The Series A Preferred Shares and Class B Ordinary Shares are redeemable at the holders' option any time after a certain date and were contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. Therefore, the Group classifies the Series A Preferred Shares and Class B Ordinary Shares as mezzanine equity (Note 12).

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with ASC 480-10, the mezzanine equity was initially measured based on its fair value at date of issue. Since the Series A Preferred Shares and Class B Ordinary Shares will be redeemable at the holder's option 5 years from issuance if the Series A Preferred Shares and Class B Ordinary Shares are not converted, either voluntarily or automatically upon a qualified initial public offering ("Qualified IPO"). The Company accretes changes in the redemption value over the period from the date of issuance to the earliest redemption date of the instrument using the interest method.

Moreover, according to ASC-480-10-S99-2, where fair value at date of issue is less than the mandatory redemption amount, the carrying amount shall be increased by periodic accretions, using the interest method, so that the carrying amount will equal the mandatory redemption amount at the mandatory redemption date. Increase in carrying amount shall be recorded as charges against retained earnings or, in the absence of retained earnings, by charges against additional paid-in capital. As such, the accretion to the carrying amount of preferred share is recognized at minimum rate per annum of issuance price and plus the dividend declared.

(l) Revenue recognition

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09") and subsequently, the FASB issued several amendments which amends certain aspects of the guidance in ASC 2014-09 (ASU No. 2014-09 and the related amendments are collectively referred to as "ASC 606"). According to ASC 606, revenue is recognized when control of the promised good or service is transferred to the customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The Group will enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. The Group adopted ASC 606 for all periods presented.

The Group's revenue is primary derived from (i) IoT-enabled smart home products including the flagship smart water purification systems, smart kitchen products, and other smart products, (ii) consumable products complementary to the Group's IoT smart home products, such as water purifier filters, (iii) others including the sales of other related household products such as water quality meters, water filter pitchers, stainless steel insulated water bottles, among others as well as service fees from rendering of installation services. Refer to Note 9 to the consolidated financial statements for disaggregation of the Group's revenue by type of product and service for the years ended December 31, 2016 and 2017.

The Group conducts its business through various contractual arrangements, including:

- Cooperation with Xiaomi Telecommunication Technology Co., Ltd. ("Xiaomi Telecommunication Technology"). Under the cooperation agreement, entered between the Group and Xiaomi Telecommunication Technology, the Group is responsible for design, research, development, production and delivery of certain types of water purifiers and affiliated products using the brand name of "Xiaomi" ("Xiaomi-branded products"), and Xiaomi Telecommunication Technology is

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

then responsible for commercial distributions and terminal sales of the products supplied by the Group.

- Sales through the Group's own and other sales channels, including online stores of the Group, online platforms, and offline experience stores operated by the Group's third-party network distributors. Under the cooperation agreements with offline experience stores and their operators, the Group produces final products using its own brand name ("Viomi-branded products") and sells the products to the stores, who are responsible for commercial distribution and subsequent sales to end users of the Group's products. The Group also conducts online direct sales to end users of the Group's products through several online platforms, including both self-owned and other online platforms. Under the cooperation agreements entered between the Group and the online platforms, the platforms' responsibilities are limited to offering an online marketplace that enables the Group to sell the products to end customers, while the Group is primarily obligated in a sales transaction, is subject to inventory risk and has latitude in determining prices. Upon successful sales through the online platforms, the Group will pay the online platforms pre-determined amounts or fixed rate commission fees based on the sales amounts. Commission fees are recognized as selling expenses at the point of acceptance of products by end customers after delivery, net of estimated return allowance.

The following table disaggregates the Group's revenue by type of contract for the years ended December 31, 2016 and 2017:

	Year ended December 31,	
	2016	2017
	RMB	RMB
Contract with Xiaomi	299,827	739,464
—Xiaomi-branded products	280,501	654,950
—Viomi-branded products	19,326	84,514
Contracts related to sales through the Group's own and other sales channels	12,747	133,755
	312,574	873,219

1) Cooperation with Xiaomi Telecommunication Technology

In 2016 and 2017, the Group generated a majority of its revenues from sales of exclusively designed and manufactured Xiaomi-branded water purifiers and affiliated products to Xiaomi Telecommunication Technology.

The arrangement includes two installment payments. The first installment is priced to recover the costs incurred by the Group in developing, producing and shipping the products to this customer and is due from the customer to the Group upon acceptance by the customer after delivery. The Group is also entitled to receive a potential second installment payment calculated as 50 percent of the future gross

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

profits from commercial sales made by this customer. Accordingly, the Group determines the sales price as the fixed first installment payment plus the variable second installment payment to the extent that it is probable that revenue reversal will not occur when settling with the customer subsequently. The Group estimates the variable consideration using the expected value method. In assessing the variable second installment payment, the Group takes into consideration of the historical experience with that customer, that customer's sales price of the same or similar products as at the report date as well as the recent market trend. For the years ended December 31, 2016 and 2017, net revenues earned from second installment payment arrangement were RMB45,726 and RMB110,984, respectively.

Revenue from Xiaomi Telecommunication Technology is recognized upon acceptance by this customer after delivery, which is considered at the time the control of the products is transferred to Xiaomi Telecommunication Technology. Revenue from Xiaomi Telecommunication Technology does not meet the criteria to be recognized over time since 1) even if the products use "Xiaomi" brand, it does not require significant rework to make them suitable to be sold to other customers, 2) under the cooperation agreement, the Group does not have the right of payment for the work performed to date.

2) Sales through the Group's own and other sales channels

The Group recognizes revenue for each of the distinct performance obligations identified in accordance with the applicable revenue recognition method relevant for that obligation. Revenue relating to the sales of products is recognized upon acceptance by customer after delivery, and revenue relating to the installation service is recognized when the service is rendered. Certain products including Viomi-branded water purifiers require installation before being ready for use. For such products sold through the online store of the Group, online platforms, and offline experience stores operated by the Group's third-party network distributors, the end customers have the right without expiry date, not the obligation, to ask the Group to provide installation service. No separate installation service fee is charged to end customers. The installation service is considered being distinct and accounted for as a separate performance obligation in addition to the sales of products after considering that the products and installation services are not inputs into a combined item the end customer has contracted to receive and the Group can fulfill its promise to transfer each of the products or services separately and does not provide any significant integration, modification, or customization services. However, customers do not always exercise their rights to ask the Group to provide installation services as the installation of Viomi-branded water purifiers is not complicated and could be done by end customers themselves. Therefore, the Group expects to be entitled to a breakage amount in the contract liabilities related to installation services. The Group estimates the breakage portion based on historical customers' requests for provision of installation services after the customers' acceptance of products and recognizes estimated breakage as revenue in proportion to the pattern of rights exercised by end customers. The assessment of estimated breakage would be updated on a quarterly basis. Changes in estimated breakage should be accounted for by adjusting contract liabilities to reflect the remaining rights expected to be exercised. Judgment is required to determine standalone selling price for each distinct performance obligation and the Group then allocates the arrangement consideration to the separate accounting of each distinct performance obligation based on their relative standalone selling price. The standalone selling price of the products, it's determined based on adjusted market assessment approach by estimating the price the customer is willing to pay for the product without

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

installation service. For the standalone selling price of the installation services, The Group determines it by referring to actual costs charged by the third-party vendors which are engaged by the Group for provision of installation services, plus an estimated profit margin of 5% based on consideration of both company specific and relevant market factors.

The Group recognizes revenue for each of the distinct performance obligations identified in accordance with the applicable revenue recognition method relevant for that obligation. Revenue relating to the sales of products is recognized upon acceptance by customer after delivery, and revenue relating to the installation service is recognized when the service is rendered.

3) Sales returns and sales incentives

Except for quality problem of the products, the Group does not allow any other reasons for sales return to Xiaomi Telecommunication Technology or sales through offline sales channels. While pursuant to consumer protection law, the Group's end customer have an unconditional right to return the products purchased through online platforms within 7 days. The Group bases its estimates of sales return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement. For the years ended December 31, 2016 and 2017, the amount of sales return was insignificant. The Group may provide sales incentives in the forms of discounts or cash to end customers through online platforms in a bundle transaction and revenue, recognized on a net basis after such sales incentives, are allocated based on the relative standalone selling prices for respective products. Besides, the Group may also provide sales rebates to certain third-party network distributors based on purchase volume, which are accounted for as variable consideration. The Group estimates these amounts based on the expected amount to be provided to the third-party network distributors considering the contracted rebate rates and estimated sales volume based on historical experience, and reduce revenues recognized. For the years ended December 31, 2016 and 2017, the amount of sales rebate was insignificant.

4) Warranty

The Group offers product warranty pursuant to standard product quality required by consumer protection law. The warranty period is calculated starting from the date when products are sold to the end customers. The Group has the obligation, at the customer's sole discretion, to either repair or replace the defective product. The customers cannot separately purchase the warranty and the warranty doesn't provide the customer with additional service other than assurance that the product will function as expected. Therefore, these warranties are accounted for in accordance with ASC 460 Guarantees. At the time revenue is recognized, an estimate of warranty expenses is recorded. The reserves established are regularly monitored based upon historical experience and any actual claims charged against the reserve. Warranty reserves are recorded as cost of revenues.

5) Value added taxes

Value added taxes ("VAT") on sales is calculated at 17% on revenue from products. The Group reports revenue net of VAT. Subsidiaries and VIEs that are VAT general tax payers are allowed to offset qualified VAT paid against their output VAT liabilities.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6) Contract balances

Only several customers are entitled to a credit term. As the expected length of time between when the Group transfers the promised products to several customers and when they pay for those products is short and there is no difference between the amount of promised consideration and the cash selling price of the promised products, therefore, the Group concludes that the contracts with several customers generally do not include a significant financing component. The allowance for doubtful accounts reflects the Group's best estimate of probable losses inherent in the accounts receivable balance. The Group determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. There was no activity in the allowance for doubtful accounts for the years presented as several customers are of a good credit reputation and always make the payment timely upon their acceptance of products.

The opening balance of accounts receivable from several customers as of January 1, 2016 was RMB11,937. As of December 31, 2016 and 2017, accounts receivable from several customers were RMB45,021 and RMB253,896, respectively.

Contract liabilities consist of deferred revenue related to end customers' remaining rights expected to be exercised for asking for the Group's provision of installation services for certain products, where there is still an obligation to be provided by the Group, which will be recognized as revenue when all of the revenue recognition criteria are met.

The opening balance of deferred revenue as of January 1, 2016 was nil. As of December 31, 2016 and 2017, deferred revenue were RMB29 and RMB146, respectively. During the years ended December 31, 2016 and 2017, the Group recognized revenue of installation services amounted to RMB57 and RMB716, respectively, which was included in the corresponding contract liability balance at the beginning of the years. The Group expects to recognize approximately RMB146 of the unearned amount for the Group's remaining performance obligations related to installation services in 2018.

During the years ended December 31, 2016 and 2017, the Group does not have any arrangement where the performance obligations have already been satisfied in the past period, but the corresponding revenue is only recognized in a later period.

(m) Cost of revenues

Cost of revenues consists primarily of material costs, warranty, consignment manufacturing cost, salaries and benefits for staff engaged in production activities and related expenses that are directly attributable to the production of products.

(n) Research and development expenses

Research and development expenses primarily consist of salaries and benefits as well as share-based compensation for research and development personnel, materials, general expenses and depreciation expenses associated with research and development activities.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Selling and marketing expenses

Selling and marketing expenses consist primarily of (i) advertising and market promotion expenses, (ii) shipping expenses and (iii) salaries and welfare for sales and marketing personnel. The advertising and market promotion expenses amounted to RMB8,065 and RMB39,638 for the years ended December 31, 2016 and 2017, respectively. The shipping expenses amounted to RMB2,633 and RMB20,044 for the years ended December 31, 2016 and 2017, respectively.

(p) General and administrative expenses

General and administrative expenses consist primarily of (i) share-based compensation for management and administrative personnel, and (ii) salaries and welfare for general and administrative personnel.

(q) Government subsidies

Government subsidies represent government grants received from local government authorities to encourage the Group's technology and innovation. The Group records such government subsidies as other income in the consolidated statements of comprehensive (loss) income when it has fulfilled all of its obligation related to the subsidy. The Group recorded RMB140 and RMB1,278 of subsidy income for the years ended December 31, 2016 and 2017, respectively.

(r) Employee benefits

PRC Contribution Plan

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiary and VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB3,199 and RMB8,016 for the years ended December 31, 2016 and 2017, respectively.

(s) Share-based compensation

Share-based compensation expenses arise from share based awards, mainly including Restricted Shares held by the Founder or held by the Founder on behalf of certain key management founders and share options for the purchase of ordinary shares. The Company accounts for share-based awards granted to the Founder and employees in accordance with ASC 718 Stock Compensation.

Before the Reorganization, the Restricted Shares held by the Founders were subject to a repurchase feature under which Xiaomi shall purchase the interest held by Founders at the original investment amount if the Founders voluntarily terminate their employment with Foshan Viomi. The Restricted Shares were classified as equity classified awards as the underlying shares of the awards are ordinary shares of

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foshan Viomi and the awards do not contain any of the characteristics of liability awards described in ASC718. The Restricted Shares are accounted for as share-based compensation based on the grant date fair value over the vesting period.

After the Reorganization completed in July 2015, the repurchase feature remains, however, it became the Company's right, and not the obligation to repurchase. With respect to the remaining unvested interest granted to the Founder on behalf of certain key management founders, the underlying shares changed from ordinary shares of Foshan Viomi to Class A Ordinary Shares of the Company. These shares remain to be equity classified awards as they do not contain any characteristics of a liability award and were continually accounted for as share-based compensation based on the grant date fair value over the remaining vesting period. With respect to the remaining unvested interest granted to the Founder, the underlying shares changed from ordinary shares of Foshan Viomi to redeemable Class B Ordinary Shares of the Company, which are redeemable convertible shares. These awards have been reclassified as liability classified awards as the underlying Class B Ordinary Shares are redeemable at a fixed price plus 6% interest per year at the option of the holder if there is no qualified IPO after a certain period of time. According to ASC718, such awards effectively consist of: (1) a liability component representing the Company's obligation to pay the redemption price if the holder chooses to redeem, and (2) an equity component representing the fair value of the upside potential of the Class B Ordinary Shares, measured using an option pricing model. At the time of the modification, the Company compared the fair value of the original award immediately before the modification, and the total fair value of the liability component and the equity component immediately after the modification. The incremental compensation amount is recognized over the remaining vesting period. The amount related to the liability component is recorded as a liability measured at the redemption price, subsequently accreted at 6% per year to reflect the increase in redemption price over time according to the terms of the Class B Ordinary Shares, until the award is settled. The liability award is considered settled only upon redemption or IPO, when the Class B Ordinary Shares are converted to Class A ordinary shares at which time, the redemption feature would expire.

For share options for the purchase of ordinary shares granted to employees determined to be equity classified awards, the related share-based compensation expenses are recognized in the consolidated financial statements based on their grant date fair values which are calculated using the binomial option pricing model. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends. The fair value of the ordinary shares is assessed using the income approach/discounted cash flow method, with a discount for lack of marketability, given that the shares underlying the awards were not publicly traded at the time of grant. Share-based compensation expenses are recorded net of estimated forfeitures using graded-vesting method during the service period requirement, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

(t) Income taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are accounted for

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in statement of comprehensive (loss) income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group's uncertain tax positions and determining its provision for income taxes. The Group recognizes interests and penalties, if any, under accrued expenses and other current liabilities on its balance sheet and under other expenses in its statement of comprehensive (loss) income. The Group did not recognize any interest and penalties associated with uncertain tax positions for the years ended December 31, 2016 and 2017. As of December 31, 2016 and 2017, the Group did not have any significant unrecognized uncertain tax positions.

(u) Comprehensive (loss) income

Comprehensive (loss) income consists of two components, net income and other comprehensive (loss) income, net of tax. Other comprehensive (loss) income refers to revenue, expenses, and gains and losses that are recorded as an element of stockholders' equity but are excluded from net income. The Group's other comprehensive (loss) income consists of foreign currency translation adjustments from its subsidiaries not using the RMB as their functional currency. Comprehensive (loss) income is reported in the consolidated statements of comprehensive (loss) income.

(v) Statutory reserves

The Company's subsidiaries and VIEs established in the PRC are required to make appropriations to certain non-distributable reserve funds.

In accordance with the laws applicable to the Foreign Investment Enterprises established in the PRC, the Company's subsidiaries registered as wholly-owned foreign enterprise have to make appropriations from their annual after-tax profits (as determined under generally accepted accounting principles in the PRC("PRC GAAP")) to reserve funds including general reserve fund, enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the annual after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the general

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

reserve fund has reached 50% of the registered capital of the company. Appropriations to the enterprise expansion fund and staff bonus and welfare fund are made at the respective company's discretion.

In addition, in accordance with the PRC Company Laws, the Group's VIEs registered as Chinese domestic company must make appropriations from its annual after-tax profits as determined under the PRC GAAP to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the annual after-tax profits as determined under PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the company. Appropriation to the discretionary surplus fund is made at the discretion of the Company.

The use of the general reserve fund, enterprise expansion fund, statutory surplus fund and discretionary surplus fund are restricted to offsetting of losses or increasing of the registered capital of the respective company. The staff bonus and welfare fund is a liability in nature and is restricted to fund payments of special bonus to employees and for the collective welfare of all employees. None of these reserves are allowed to be transferred to the Company in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

The Group's VIE, Foshan Viomi, made appropriation to these statutory reserve funds of RMB6,250 for the year ended December 31, 2017. As of December 31, 2017, Foshan Viomi's profit appropriation made to the reserve fund reached the maximum required amount of 50% of its registered capital.

(w) (Loss) Income per share

Basic (loss) income per share is computed by dividing net (loss) income attributable to ordinary shareholders, considering the accretion of redemption feature and cumulative dividend related to the Company's redeemable convertible preferred shares and Class B Ordinary Shares, and undistributed earnings allocated to redeemable convertible preferred shares, Class B Ordinary Shares and unvested Class A ordinary shares as unvested Class A ordinary shares are also entitled to participating dividends, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Net losses are not allocated to other participating securities if based on their contractual terms they are not obligated to share the losses.

Diluted (loss) income per share is calculated by dividing net (loss) income attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of ordinary shares issuable upon the conversion of the redeemable convertible preferred and Class B Ordinary shares, using the if-converted method, and shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted (loss) income per share calculation when inclusion of such share would be anti-dilutive.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Related parties

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 operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

(y) Segment reporting

Based on the criteria established by ASC 280 "Segment Reporting", the Group's chief operating decision maker has been identified as the Chairman of the Board of Directors/CEO, who reviews consolidated results of the Group when making decisions about allocating resources and assessing performance. The Group has internal reporting of revenue, cost and expenses by nature as a whole. Hence, the Group has only one operating segment. The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

(z) Newly issued accounting pronouncements

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-01 changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for fiscal years and interim periods within those years beginning after December 15, 2017. The Group does not expect the adoption of ASU 2016-01 to have a significant impact on consolidated financial statements and associated disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)"("ASU 2016-02"), which requires lessees to recognize assets and liabilities for all leases with lease terms of more than 12 months on the balance sheet. Under the new guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. The ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018 and early adoption is permitted on a modified retrospective basis. The Group is in the process of evaluating the impact of adopting this guidance.

In June 2016, the FASB issued ASU No. 2016-13 (ASU 2016-13), "Financial Instruments—Credit Losses", which introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including, but not limited to, trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires the entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. The standard also indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The ASU 2016-13 is effective for public companies for fiscal years

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Group is in the process of evaluating the impact of adopting this guidance.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)" ("ASU 2016-15"), which amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The ASU 2016-15 is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted. The Group does not expect the adoption of ASU 2016-15 to have a significant impact on the consolidated financial statements and associated disclosures.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2016-18"), which amends ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The ASU 2016-18 is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted. The Group does not expect the adoption of ASU 2016-18 to have a significant impact on the consolidated financial statements and associated disclosures.

In January 2017, the FASB issued ASU 2017-01 (ASU 2017-01), "Business Combinations (Topic 805): Clarifying the Definition of a Business", which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The standard introduces a screen for determining when assets acquired are not a business and clarifies that a business must include, at a minimum, an input and a substantive process that contribute to an output to be considered a business. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Group does not expect the adoption of ASU 2017-01 to have a significant impact on the consolidated financial statements and associated disclosures.

In May 2017, the FASB issued ASU 2017-09, "Compensation—Stock Compensation (Topic 718)" that provides additional guidance around which changes to a share-based payment award requires an entity to apply modification accounting. Specifically, an entity is to account for the effects of a modification, unless all of the following are satisfied: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; and (3) the classification of the modified award as an equity instrument or as a liability instrument is the same as the classification of the original award immediately before the original award is modified. For public entities, the update is effective beginning after December 15, 2017. Early adoption is permitted. The Group does not expect the adoption of ASU 2017-09 to have a significant impact on the consolidated financial statements and associated disclosures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. CONCENTRATION AND RISKS

(a) Foreign exchange risk

The revenues and expenses of the Group's entities in the PRC are generally denominated in RMB and their assets and liabilities are denominated in RMB. The RMB is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC or remittances of RMB out of the PRC as well as exchange between RMB and foreign currencies require approval by foreign exchange administrative authorities and certain supporting documentation. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies.

(b) Credit risk

Financial instruments that potentially expose the Group to credit risk consist primarily of cash and cash equivalents, accounts receivable, amounts due from related parties. The Group places its cash and cash equivalents with financial institutions with high credit ratings and quality.

The Group conducts credit evaluations of third-party customers and related parties, and generally does not require collateral or other security from its third-party customers and related parties. The Group establishes an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific third-party customers and related parties.

(c) Credit risk

Accounts receivable from third parties concentration of credit risk as below:

	As of December 31,			
	2016		2017	
	RMB		RMB	
Company A	—	—	2,778	64%

Other receivables from related parties concentration of credit risk as below:

	As of December 31,			
	2016		2017	
	RMB		RMB	
Xiaomi H.K. Limited ("Xiaomi H.K.")	35,006	99%	33,448	58%

(d) Revenue concentration risk

	Year ended December 31,			
	2016		2017	
	RMB		RMB	
Xiaomi Telecommunication Technology	299,827	96%	739,464	85%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. CONCENTRATION AND RISKS (Continued)

The revenue generated from Xiaomi included sale of both Xiaomi-branded and Viomi-branded products. Revenue from sale of Viomi-branded products amounted to RMB19,326 and RMB84,514 for the years ended December 31, 2016 and 2017, respectively.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand and demand deposits placed with banks. Cash and cash equivalents balance as of December 31, 2016 and 2017 primarily consist of the following currencies:

	As of December 31, 2016		As of December 31, 2017	
	Amount	RMB equivalent	Amount	RMB equivalent
RMB	88,373	88,373	206,951	206,951
US$	9,883	68,557	11,163	73,001
Total		156,930		279,952

5. INVENTORIES

Inventories consisted of the following:

	As of December 31,	
	2016	2017
	RMB	RMB
Raw materials	21,369	36,736
Finished goods	2,827	13,956
Inventories	24,196	50,692

For the years ended December 31, 2016 and 2017, the Group recorded write-down of RMB1,658 and RMB81 for obsolete inventories, respectively.

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6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	As of December 31,	
	2016	2017
	RMB	RMB
Advances to suppliers	9,728	14,428
Other current assets	4,153	5,525
Other receivables	565	3,054
Rental deposits	92	276
Total	14,538	23,283

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	As of December 31,	
	2016	2017
	RMB	RMB
Computers and equipment	4,581	5,815
Vehicle	508	508
Total	5,089	6,323
Less: accumulated depreciation	(1,557)	(3,237)
Property, plant and equipment, net	3,532	3,086

The Group had recorded depreciation expense of RMB1,222 and RMB1,680 for the years ended December 31, 2016 and 2017, respectively. No impairment was recorded for the years ended December 31, 2016 and 2017.

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8. ACCRUED EXPENSES AND OTHER LIABILITIES

	As of December 31,	
	2016	2017
	RMB	RMB
Accrued payroll and welfare	5,636	16,304
Product warranty	2,483	13,909
Other current liabilities	4,363	5,871
Other tax payable	3,755	15,359
Freight payable	1,981	9,799
Deposits received related to unvested shares	1,083	496
Deferred revenue	29	146
Total	19,330	61,884
Less: non-current portion	—	(460)
Accrued expenses and other liabilities-current portion	19,330	61,424

Product warranty activities were as follows:

	Product Warranty
	RMB
Balance at December 31, 2015	789
Provided during the year	3,558
Utilized during the year	(1,864)
Balance at December 31, 2016	2,483
Provided during the year	17,806
Utilized during the year	(6,380)
Balance at December 31, 2017	13,909

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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9. REVENUES

	Year ended December 31, 2016		
	Revenues RMB	Cost of revenues RMB	Gross profit RMB
Sales of product			
—IoT-enabled smart home products	273,282	206,679	66,603
Smart water purification systems	250,442	191,848	58,594
Other smart products	22,840	14,831	8,009
—Consumable products	19,376	10,644	8,732
—Other products	19,859	15,166	4,693
Total of sales of products	312,517	232,489	80,028
Rendering of services			
—Installation services	57	55	2
Total	312,574	232,544	80,030

	Year ended December 31, 2017		
	Revenues RMB	Cost of revenues RMB	Gross profit RMB
Sales of product			
—IoT-enabled smart home products	712,317	499,739	212,578
Smart water purification systems	570,784	399,788	170,996
Smart kitchen products	50,656	34,987	15,669
Other smart products	90,877	64,964	25,913
—Consumable products	87,500	48,123	39,377
—Other products	72,686	49,489	23,197
Total of sales of products	872,503	597,351	275,152
Rendering of services			
—Installation services	716	685	31
Total	873,219	598,036	275,183

10. INCOME TAX (BENEFIT) EXPENSES

Cayman Islands

Under the current tax laws of Cayman Islands, the Company and its subsidiaries are not subject to tax on income or capital gains. Besides, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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10. INCOME TAX (BENEFIT) EXPENSES (Continued)

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiary of the Group in Hong Kong are subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiary incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

PRC

In accordance with the Enterprise Income Tax Law ("EIT Law"), Foreign Investment Enterprises ("FIEs") and domestic companies are subject to Enterprise Income Tax ("EIT") at a uniform rate of 25%. The subsidiaries and VIEs of the Group and Predecessor Operations in the PRC are subject to a uniform income tax rate of 25% for years presented. Certified High and New Technology Enterprises ("HNTE") are entitled to a favorable statutory tax rate of 15%. According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year ("Super Deduction").

Withholding tax on undistributed dividends

Under the CIT Law and its implementation rules, the profits of a foreign-invested enterprise arising in 2008 and thereafter that are distributed to its immediate holding company outside the PRC are subject to withholding tax at a rate of 10%. A lower withholding tax rate will be applied if there is a beneficial tax treaty between the PRC and the jurisdiction of the foreign holding company. A holding company in Hong Kong, for example, will be eligible, with approval of the PRC local tax authority, to be subject to a 5% withholding tax rate under the Arrangement Between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital if such holding company is considered to be a non-PRC resident enterprise and holds at least 25% of the equity interests in the PRC foreign-invested enterprise distributing the dividends. However, if the Hong Kong holding company is not considered to be the beneficial owner of such dividends under applicable PRC tax regulations, such dividend will remain subject to withholding tax at a rate of 10%. The Company does not intend to have any of its subsidiaries located in PRC distribute any undistributed profits of such subsidiaries in the foreseeable future, but rather expects that such profits will be reinvested by such subsidiaries for their PRC operations. Accordingly, no withholding tax was recorded as of December 31, 2016 and 2017.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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10. INCOME TAX (BENEFIT) EXPENSES (Continued)

Composition of income tax expense

The current and deferred components of income taxes appearing in the consolidated statements of comprehensive (loss) income are as follows:

	Year ended December 31,	
	2016	2017
	RMB	RMB
Current tax expenses	—	15,519
Deferred tax benefit	(2,247)	(801)
Income tax (benefit) expenses	(2,247)	14,718

Reconciliation between the income tax (benefit) expenses computed by applying the PRC enterprise tax rate to income before income taxes and actual provision were as follows:

	Year ended December 31,	
	2016	2017
	RMB	RMB
Income from operations in the PRC	13,546	106,868
Income from oversea entities	466	1,090
Income before income tax	14,012	107,958
Tax expense at PRC enterprise income tax rate of 25%	3,503	26,990
Income tax on tax holiday[(1)]	(1,414)	(10,989)
Tax effect of permanence differences[(2)]	(1,187)	(2,640)
Effect of income tax rate change[(3)]	3,179	—
Change in valuation allowance[(4)]	(7,756)	760
Effect of share-based compensation	1,587	873
Effect of income tax in jurisdictions other than the PRC	(159)	(276)
Income tax (benefit) expenses	(2,247)	14,718

(1) The income tax reversals resulting from the preferential income tax rates that Foshan Viomi was entitled to as a 2016 HNTE included in the "Effect of tax holidays" in the table above. And the favorable 15% tax rate will be eligible for three years starting from 2016.

(2) The permanent book-tax differences mainly consisted of R&D super deductions.

(3) Effect of income tax rate change represents the effect due to the change in the applicable tax rate in calculating deferred income tax as a result of Foshan Viomi's qualification of HNTE in 2016.

(4) As of December 31, 2015, the Group provided full valuation allowance for the deferred tax assets as it has incurred net accumulated operating losses for income tax purposes since its inception. The Group believed that it is more likely than not that these net accumulated operating losses and other deferred tax assets will not be utilized in the near future. For the years ended December 31, 2016 and 2017, Foshan Viomi reported taxable profit and a majority of the net operating

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10. INCOME TAX (BENEFIT) EXPENSES (Continued)

loss of Foshan Viomi has been utilized in 2016. Therefore, valuation allowances related to deferred tax assets of Foshan Viomi have been released in 2016.

The per share effect of the tax holidays are as follows:

	Year ended December 31,	
	2016	2017
	RMB	RMB
Net income per share effect—basic	0.12	0.53
Net income per share effect—diluted	0.12	0.41

Deferred tax assets and deferred tax liabilities

The significant components of the Group's deferred tax assets were as follows:

	As of December 31,	
	2016	2017
	RMB	RMB
Inventory write-down	594	541
Accrued expenses and others	1,203	2,485
Deferred revenue	4	22
Net operating loss carry forwards	638	952
Total deferred tax assets	2,439	4,000
Less: valuation allowance	(192)	(952)
Deferred tax assets, net	2,247	3,048

Movement of valuation allowance

	Year ended December 31,	
	2016	2017
	RMB	RMB
Balance at beginning of the year	7,948	192
Provided	190	760
Reversals	(7,946)	—
Balance at end of the year	192	952

Uncertain tax positions

The Group evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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10. INCOME TAX (BENEFIT) EXPENSES (Continued)

benefits associated with the tax positions. As of December 31, 2016 and 2017, the Group did not have any significant unrecognized uncertain tax positions.

11. ORDINARY SHARES

The Company's Memorandum and Articles of Association authorizes the Company to issue 346,545,454 class A ordinary shares with a par value of US$0.0001 per share. As of December 31, 2016 and December 31, 2017, the Company had 16,909,090 and 25,363,636 class A ordinary shares outstanding, respectively. Each ordinary share is entitled to one vote. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all other classes of shares outstanding.

12. REDEEMABLE CONVERTIBLE PREFERRED AND CLASS B ORDINARY SHARES

As described in note1 (a), pursuant to a shares purchase agreement, the Company issued certain Class B Ordinary Shares to Mr. Chen, Red Better and Shunwei during the Reorganization, and the Company also issued totaling 18,181,818 shares (with par value of US$0.0001) of Series A Preferred Shares (the "Series A Preferred Shares") for US$1.1000 per share with total consideration of US$20,000, including conversion of the outstanding bridge loans of US$5,250.

The significant terms of the Series A Preferred Shares and Class B Ordinary Shares issued by the Company are as follows:

Conversion rights

Optional Conversion

Each holder of Series A Preferred Shares and Class B Ordinary Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Series A Preferred Shares and Class B Ordinary Shares into Class A Ordinary Shares at any time. The conversion rate for Series A Preferred Shares and Class B Ordinary Shares shall be determined by dividing applicable Share Issue Price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable Share Issue Price (i.e., a 1-to-1 initial conversion ratio), and thereafter shall be subject to adjustment and readjustment from time to time as hereinafter provided, being no less than par value. Adjustments of conversion ratios include the following:

(1) Adjustment of applicable conversion price upon issuance of additional ordinary shares below the applicable conversion price.

(2) Adjustments for share dividends, subdivisions, combinations or consolidations of class A ordinary shares.

(3) Adjustments for other distributions.

(4) Adjustments for reclassification, exchange and substitution.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. REDEEMABLE CONVERTIBLE PREFERRED AND CLASS B ORDINARY SHARES (Continued)

Automatic Conversion

Each Series A Preferred Share and Class B Ordinary Share shall automatically be converted into class A ordinary shares, at the then applicable preferred share conversion price upon the closing of a Qualified IPO;

Voting rights

Each Series A Preferred Share and Class B Ordinary Share shall carry a number of votes equal to the number of class A ordinary shares then issuable upon its conversion into class A ordinary shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. To the extent that applicable law, Memorandum and Articles of the Company require the Series A Preferred Shares and Class B Ordinary Shares to vote separately as a class with respect to any matters, the Series A Preferred Shares and Class B Ordinary Shares shall vote separately as a class with respect to such matters. Otherwise, the holders of Series A Preferred Shares and Class B Ordinary Shares and class A ordinary shares shall vote together as a single class.

Redemption rights

Redemption Condition for Series A Preferred Shares and Class B Ordinary Shares:

The Series A Preferred Shares and Class B Ordinary Shares are redeemable at any time after the earlier of:

i) the fifth anniversary of the date on which the closing of the shares issuance pursuant to the share purchase agreement (the "Closing Date"), if the Company has not consummated a Qualified IPO;

ii) any material breach by the Founder or the Group, of any representatives, warranties or covenants of the transaction documents and not cured within six (6) months (the "Redemption Start Date"), then subject to the applicable laws of the Cayman Islands and, if so requested by any investor, the Company and the Founder shall redeem all or part of the outstanding Series A Preferred Shares and/or Class B Ordinary Shares held by such Investor (collectively, the "Redeemable Shares") in cash out of funds legally available therefor.

Redemption Price for Series A Preferred Shares and Class B Ordinary Shares

The redemption price of each Series A Preferred Share and Class B Ordinary Share shall be the sum of the Series A Preferred Shares and Class B Ordinary Shares issuance price, respectively: Plus 6% compound interest return per annum on the issuance price; plus all declared but unpaid dividends per Series A Preferred Shares and Class B Ordinary Shares.

If the Company does not have sufficient cash or funds legally available to redeem any of the redeemable shares required to be redeemed, the Company and the Founder shall use their best effort to cause the remaining redeemable shares to be purchased, including without limitation, to seek, facilitate

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. REDEEMABLE CONVERTIBLE PREFERRED AND CLASS B ORDINARY SHARES (Continued)

and procure third parties to acquire the remaining redeemable shares on terms and conditions acceptable to the relevant redemption holders.

Dividends rights

Holders of outstanding Series A Preferred Shares shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (whether in cash, in property or in shares of the capital of the Company) on the ordinary shares or any other class or series of shares of the Company, at the rate of eight percent (8%) of the preferred share issue price per share (as adjusted for any subdivisions, consolidations, bonus issues, reclassifications and the like) per annum on each Series A Preferred Shares, payable in U.S. dollars and annually when, as and if declared by the Board. Such distributions shall be cumulative. Holders of the Series A Preferred Shares shall also be entitled to receive any non-cash dividends declared by the Board on an as-converted basis.

After payment of the dividends distributed to the holders of Series A Preferred Shares, any additional dividends or distributions shall be distributed to the holders of Class B Ordinary Shares, prior and in preference to any declaration or payment of any dividend (whether in cash, in property or in shares of the capital of the Company) on the class A ordinary shares or any other class or series of shares of the Company, at the rate of eight percent (8%) of the deemed Class B Ordinary Share issue price per share (as adjusted for any subdivisions, consolidations, bonus issues, reclassifications and the like) per annum on each Class B Ordinary Share, payable in U.S. dollars and annually when, as and if declared by the Board. Such distributions shall be cumulative. Holders of the Class B Ordinary Shares shall also be entitled to receive any non-cash dividends declared by the Board on an as-converted basis.

Liquidation rights

Liquidation Preferences

In the event of any liquidation, dissolution *or* winding up of the Company, either voluntary or involuntary, all assets and funds of the Company legally available for distribution among holders of the outstanding Shares (on an as-converted to basis) in the following order and manner:

i) the holders of the Series A Preferred Shares shall be entitled to receive, prior to any distribution to the holders of the ordinary shares or any other class or series of shares then outstanding, an amount per Series A Preferred Share equal to (a) one hundred and fifty percent (150%) of the preferred share issue price, plus (b) all declared but unpaid dividends thereon (collectively, the "Preferred Share Preference Amount"). If the Company has insufficient assets to permit payment of the Preferred Share Preference Amount in full to all holders of Series A Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series A Preferred Shares in proportion to the full Preferred Share Preference Amount.

ii) after the full Preferred Share Preference Amount on all outstanding Series A Preferred Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed to the holders of Class B Ordinary Shares, prior to the holders of the class A ordinary shares or any other class or series of shares then outstanding, an amount

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

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12. REDEEMABLE CONVERTIBLE PREFERRED AND CLASS B ORDINARY SHARES (Continued)

per Class B Ordinary Share equal to (a) one hundred and fifty percent (150%) of the deemed Class B Share issue price, plus (b) all declared but unpaid dividends thereon (collectively, the "Class B Share Preference Amount", collectively with the Preferred Share Preference Amount, the "Preference Amount"). After the full Preferred Share Preference Amount has been paid, if the remaining assets are insufficient to permit payment of the Class B Share Preference Amount in full to all holders of Class B Ordinary Shares, then the remaining assets of the Company shall be distributed ratably to the holders of the Class B Ordinary Shares in proportion to the full Class B Share Preference Amount.

iii) after the full Preference Amount on all outstanding Series A Preferred Shares and Class B Ordinary Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of the Preferred Shares (on an as-converted basis), together with the holders of the Ordinary Shares.

Liquidation Event

The following events shall be deemed as a liquidation, dissolution or winding up of the Company (each, a "Liquidation Event"):

(i) any acquisition of the Company (whether by a sale of equity, merger or consolidation) in which in excess of 50% of the Company's voting power outstanding before such transaction is transferred;

(ii) a sale of all or substantially all of the Company's assets and no substantial business operations will be continued by the Company .

Accounting of Series A Preferred Shares and Class B Ordinary Shares

The Company classified the Series A Preferred Shares and Class B Ordinary Shares as mezzanine equity in the consolidated balance sheets because they were redeemable at the holders' option any time after a certain date and were contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. The Series A Preferred Shares and Class B Ordinary Shares are recorded initially at fair value, net of issuance costs.

Prior to the Reorganization, the 40% initial equity interests of Foshan Viomi held by the Founder for himself has liquidation preference, and the 40% initial equity interests of Foshan Viomi held by Tianjin Jinxing has liquidation preference and also becomes redeemable in the event of a breach of contract by Foshan Viomi.

Upon completion of the Reorganization, both the Founder and Tianjin Jinxing's equity interests in Foshan Viomi are exchanged into 67,636,364 Class B Ordinary Shares of the Company, respectively. After the Reorganization, the most significant change in the provision is the addition of redemption clause which allows the holders of the Class B Ordinary Shares to redeem the Class B Ordinary Shares if there are no Qualified IPO after the fifth anniversary of the Closing Date. This transaction was considered as an extinguishment of the previous equity interests and therefore, the Class B Ordinary Shares are measured at its fair value on the extinguishment date.

The Group recognizes changes in the redemption value ratable over the redemption period. Increases in the carrying amount of the redeemable preferred shares are recorded by charges against retained earnings, or in the absence of retained earnings, by charges as reduction of additional paid-in capital until additional paid-in capital is reduced to zero. Once additional paid-in capital is reduced to zero, the redemption value measurement adjustment is recognized as an increase in accumulated deficit.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. REDEEMABLE CONVERTIBLE PREFERRED AND CLASS B ORDINARY SHARES (Continued)

The change in the balance of Series A Preferred Shares and Class B Ordinary Shares included in mezzanine equity for the years ended December 31, 2016 and 2017 are as follows:

	Series A Preferred Shares RMB	Class B Ordinary Shares held by the Founder[1][2] RMB	Class B Ordinary Shares-owned by Red Better and Shunwei[1] RMB	Total RMB
Balance as of January 1, 2016	133,573	51,057	204,230	388,860
Accretion of preferred shares	8,221	—	—	8,221
Foreign exchange	9,485	3,488	13,945	26,918
Balance as of December 31, 2016	151,279	54,545	218,175	423,999
Accretion of preferred shares	8,834	—	—	8,834
Foreign exchange	(9,068)	(3,169)	(12,668)	(24,905)
Balance as of December 31, 2017	151,045	51,376	205,507	407,928

(1) The carrying amount of Class B Ordinary Shares is higher than the redemption value, which is based on the original investment amount in 2014. Therefore no accretion was recorded for the years ended December 31, 2016 and 2017.

(2) Out of the 67,636,364 Class B Ordinary Shares held by the Founder, 50,727,273 Class B ordinary shares held by the Founder pursuant to the restricted share arrangement is included in liability award (Note 2(s) and Note 13).

13. SHARE-BASED COMPENSATION

Compensation expense recognized for share-based awards was as follows:

	Year ended December 31,	
	2016 RMB	2017 RMB
Share-based compensation expenses		
—Restricted shares owned by the Founder—equity component (a)	6,051	2,670
—Restricted shares owned by the Founder—liability component (a)	266	286
—Restricted shares owned by the Founder on behalf of certain key management founders (a)	93	48
—Share options (b)	4,168	2,817
Total share-based compensation expenses	10,578	5,821

(a) Restricted Shares

As described in note 1 (a), the Founder and Xiaomi, made a capital contribution of RMB7,500 and RMB5,000, respectively, in exchange for 60% and 40% equity interests in Foshan Viomi, respectively. Out of the RMB7,500 invested by the Founder, RMB2,500 was invested by certain key management founders and held by the Founder on their behalf. For the equity interests held by the Founder for himself, these were ordinary shares in nature but with substantive liquidation preference, while for the equity interests

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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13. SHARE-BASED COMPENSATION (Continued)

held by the Founder on behalf of certain key management founders, these were the most subordinated class of equity of Foshan Viomi and did not carry any preference rights.

According to the agreement among the shareholders entered into in June 2014, the interest held by the Founders shall be subject to a repurchase feature under which Xiaomi shall purchase the interest held by the Founders at the original investment amount if the Founders voluntarily terminates their employment with Foshan Viomi. The repurchase feature shall lapse at a rate of 25% each year, consequently, the interests held by the Founders are accounted for as equity-classified share-based compensation with a vesting period of 4 years.

As discussed in note 2(s), after the Reorganization, the unvested awards held by the Founder on his own behalf consisted of a share-based compensation liability measured based on the redemption value and a share option component representing the value of upside potential of the Class B Ordinary Shares which is accounted for as an equity grant, while the unvested awards held by the Founder on behalf of certain key management founders continue to be equity-classified. As the share-based compensation expenses related to the equity component of the restricted shares owned by the Founder and the restricted shares held by the Founder on behalf of certain key management founders are recognized using graded vesting method, the expenses recognized in 2016 is higher than that of 2017.

A summary of the Restricted Shares activity for the years ended December 31, 2016 and 2017 is presented below:

	Number of shares		
	Restricted Shares held by the Founder on behalf of certain key management founders	Restricted Shares held by the Founder on his own behalf	Total
Outstanding at January 1, 2016	25,363,638	50,727,273	76,090,911
Vested	(8,454,546)	(16,909,091)	(25,363,637)
Outstanding at December 31, 2016	16,909,092	33,818,182	50,727,274
Vested	(8,454,546)	(16,909,091)	(25,363,637)
Outstanding at December 31, 2017	8,454,546	16,909,091	25,363,637

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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13. SHARE-BASED COMPENSATION (Continued)

The table below shows the details of the movement of liability-classified awards with respect to unsettled 50,727,273 restricted shares granted to the Founder for the years ended December 31, 2016 and 2017:

	Liability-classified Awards (RMB)
	Restricted Shares held by the Founder on his own behalf
Balance as at January 1, 2016	4,181
Share-based compensation expenses	266
Foreign currency translation adjustment	103
Balance as at December 31, 2016	4,550
Share-based compensation expenses	286
Foreign currency translation adjustment	(98)
Outstanding at December 31, 2017	4,738

(b) Share options

On September 17, 2015, the Board of Directors of the Company approved the establishment of 2015 Share Incentive Plan, the purpose of which is to provide an incentive for employees contributing to the Group. The 2015 Share Incentive Plan shall be valid and effective for 10 years from the grant date. The maximum number of shares that may be issued pursuant to all awards (including incentive share options) under 2015 Share Incentive Plan shall be 12,727,272 shares.

For the years ended December 31, 2016 and 2017, the Company granted 1,860,000 and 2,700,000 share options to employees pursuant to the 2015 Share Incentive Plan.

With respect to the share options granted, 50% of the options will be vested after 24 months of the grant date and the remaining 50% will be vested in two equal installments over the following 24 months.

The Group calculated the estimated fair value of the options on the respective grant dates using the binomial option pricing model with assistance from independent valuation firms. Assumptions used to determine the fair value of share options granted during 2016 and 2017 are summarized in the following table:

	2016	2017
Risk-free interest rate	2.86%	3.06% - 3.89%
Expected volatility	50.14% - 50.15%	47.02% - 49.44%
Expected life of option (years)	10	10
Expected dividend yield	—	—
Fair value per ordinary share	US$0.51	US$0.76 - US$1.59

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13. SHARE-BASED COMPENSATION (Continued)

(1) Risk-free interest rate

Risk-free interest rate was estimated based on the yield to maturity of China Government Bond with a maturity period close to the contractual term of the options.

(2) Expected life of option (years)

Expected life of option (years) represents the expected years to vest the options.

(3) Volatility

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the contractual term of the options.

(4) Dividend yield

The dividend yield was estimated by the Group based on its expected dividend policy over the contractual term of the options.

(5) Fair value per ordinary share

In determining the grant date fair value of the Company's ordinary shares for purposes of recording share-based compensation expenses in connection with Restricted Shares owned by the Founder, Restricted Shares owned by the Founder on behalf of certain key management founders, and share options under the 2015 Share Incentive Plan, the Company, with the assistance of an independent valuation firm, evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate the enterprise value of the Company and income approach (discounted cash flow, or DCF method) was relied on for value determination with market approach (guideline companies method, or GCM) taken as reference.

DCF method of the income approach involves applying appropriate weighted average cost of capital ("WACC"), to discount the future cash flows forecast, based on the Company's best estimates as of the valuation date, to present value. The WACC was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors.

GCM under the market approach was adopted as reference of the equity valuation for the company. GCM employs trading multiples method of selected public comparable companies including trailing and leading enterprise value/revenue multiples.

In deriving the equity value of each class of shares, the Company applied the option pricing method. The option pricing method treats different classes of shares as call options on the total equity value, with exercise prices based on the liquidation preference or redemption amount of the certain classes of shares. Under this method, the ordinary share has value only if the fund available for distribution to shareholders exceeds the value of liquidation preference or redemption amounts at the time of a liquidity event,

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13. SHARE-BASED COMPENSATION (Continued)

assuming the enterprise has funds available to make liquidation preference or redemption. Given the nature of the different classes of shares, the modeling of different classes of capital as call options on company's enterprise value was analyzed and the values of different classes of shares were derived accordingly.

The Company also applied a discount for lack of marketability ("DLOM"), which was quantified by the black-Scholes option pricing model. Under this option-pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

A summary of the stock option activity under the 2015 Plan for the years ended December 31, 2016 and 2017 is included in the table below.

	Options granted Share Number	Weighted average exercise price (US$)
Outstanding at January 1, 2016	4,740,000	0.06
Granted	1,860,000	0.24
Forfeited	(980,000)	0.04
Outstanding at December 31, 2016	5,620,000	0.12
Granted	2,700,000	0.52
Forfeited	(780,000)	0.27
Outstanding at December 31, 2017	7,540,000	0.25

The following table summarizes information regarding the share options granted as of December 31, 2016 and December 31, 2017:

	As of December 31, 2016			
	Options Number	Weighted-average exercise price per option US$	Weighted-average remaining exercise contractual life (years)	Aggregate intrinsic value US$
Options				
Outstanding	5,620,000	0.12	9.22	1,854
Exercisable	915,000	0.02	8.83	366
Expected to vest	4,187,450	0.14	9.29	1,324

	As of December 31, 2017			
	Options Number	Weighted-average exercise price per option US$	Weighted-average remaining exercise contractual life (years)	Aggregate intrinsic value US$
Options				
Outstanding	7,540,000	0.25	8.65	3,697
Exercisable	2,612,500	0.06	7.99	987
Expected to vest	4,385,475	0.35	9.00	2,695

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13. SHARE-BASED COMPENSATION (Continued)

The weighted average grant date fair value of options granted for the years ended December 31, 2016 and 2017 was RMB2.50 (US$0.38) and RMB6.01 (US$0.90) per option, respectively.

No options were exercised for the years ended December 31, 2016 and 2017.

As the share-based compensation expenses related to the share options are recognized using graded vesting method, the expense recognized in 2016 is higher than that of 2017. As of December 31, 2017, there was RMB15,123 of unrecognized compensation expenses related to the options.

14. NET (LOSS) INCOME PER SHARE

Basic net (loss) income per share is the amount of net (loss) income available to each share of ordinary shares outstanding during the reporting period. Diluted net (loss) income per share is the amount of net (loss) income available to each share of ordinary shares outstanding during the reporting period adjusted to include the effect of potentially dilutive ordinary shares.

For the years ended December 31, 2016 and 2017, the Group has determined that its convertible redeemable Class B Ordinary Shares and Series A Preferred Shares are participating securities as they participate in undistributed earnings on an as-if-converted basis. The holders of the Class B Ordinary Shares and Series A Preferred Shares are entitled to receive dividends on a pro rata basis, as if their shares had been converted into ordinary shares. Accordingly, the Group uses the two-class method of computing net (loss) income per share, for ordinary shares and preferred shares according to the participation rights in undistributed earnings.

	Year ended December 31,	
	2016	2017
	RMB	RMB
Numerator:		
Numerator for basic and diluted calculation—Net (loss) income attributable to ordinary shareholders of the Company	(3,453)	8,033
Denominator:		
Denominator for basic calculation—weighted average ordinary shares outstanding	12,230,136	20,684,681
Dilutive effect of share options	—	4,895,125
Dilutive effect of Restricted Shares owned by the Founder on behalf of certain key management founders	—	965,344
Denominator for diluted calculation	12,230,136	26,545,150
Basic net (loss) income per ordinary share	(0.28)	0.39
Diluted net (loss) income per ordinary share	(0.28)	0.30

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14. NET (LOSS) INCOME PER SHARE (Continued)

For the years ended December 31, 2016 and 2017, the following shares outstanding were excluded from the calculation of diluted net (loss) income per ordinary share, as their inclusion would have been anti-dilutive for the periods prescribed.

	Year ended December 31,	
	2016	2017
Shares issuable upon exercise of share options	3,370,739	—
Shares issuable upon conversion of Restricted Shared owned by the Founder	67,636,364	67,636,364
Shares issuable upon conversion of Class B Ordinary Shares owned by Red Better and Shunwei	67,636,364	67,636,364
Shares issuable upon exercise of Restricted Shares owned by the Founder on behalf of certain key management founders	1,577,221	—

15. RELATED PARTY TRANSACTIONS

Name	Relationship with the Group
Mr. Chen	Founder
Xiaomi Inc.	Controlled by Xiaomi
Xiaomi H.K.	Controlled by Xiaomi
Xiaomi Telecommunication Technology	Controlled by Xiaomi
Tianjin Jinxing	Controlled by Xiaomi
Beijing Xiaomi Software Co., Ltd ("Xiaomi Software")	Controlled by Xiaomi

The Group's relationship with Xiaomi

Xiaomi is The Group's strategic partner and shareholder.

The Group's sales to Xiaomi is governed by a business cooperation agreement, pursuant to which Xiaomi is responsible for the distribution and sales of such products through their network and sales channels.

The Group also sells products through Xiaomi's online e-commerce channel Youpin.mi.com, and is charged of commissions pursuant to a commission sales agreement.

Transaction with Xiaomi

Business cooperation agreement

The current business corporation agreement entered into in 2017 with Xiaomi governs all the Group's sales to Xiaomi. It will expire in August 2018, and will automatically extend for successive one-year period unless objected by a party at least 30 days prior to the expiration of the then current term.

Under the business cooperation agreement, (i) products sold to Xiaomi are exclusively designed for and can only be sold to Xiaomi, (ii) Xiaomi shall purchase these products at a price that covers all of the Group's costs of raw materials, outsourcing manufacture, models, logistics and paid intellectual property

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. RELATED PARTY TRANSACTIONS (Continued)

licensing fees, in connection with the manufacture and delivery of these products, and (iii) Xiaomi and the Group shall share gross profits, derived from sales of these products, the retail prices of which were set by Xiaomi and the Group together.

Youpin commission sales agreement

The Group has entered into a commission sales agreement with Xiaomi for the sale of certain of the Group's self-branded products. The commission sales agreement will expire on December 31, 2018 with no automatic renewal provision. Furthermore, this agreement may be terminated by Xiaomi with 30 days' written notice.

Under the commission sales agreement, the Group shall pay a service fee, 8% of the sales price excluding customers' refunds or as otherwise agreed by the parties with respect to specific product lines, as well as a deposit to Xiaomi. The retail prices of the Group's products on Youpin's platform shall be no higher than the sales price from any other e-commerce merchants or the Group's official offline sales channel, including in the event of sales or promotion.

(1) Amount due from/to related parties:

	As of December 31,	
	2016	2017
	RMB	RMB
Accounts receivable from a related party:		
Xiaomi Telecommunication Technology[(a)]	45,021	249,548
Other receivables from related parties:		
Xiaomi H.K.[(b)]	35,006	33,448
Xiaomi Inc.[(c)]	475	24,160
Total	35,481	57,608
Amounts due to related parties:		
Xiaomi Software[(d)]	32,252	32,228
Tianjin Jinxing[(e)]	—	2,500
Xiaomi Telecommunication Technology[(a)]	22	1,225
Total	32,274	35,953

(2) Purchase from a related party

	Year ended December 31,	
	2016	2017
	RMB	RMB
Xiaomi Telecommunication Technology[(a)]	1,327	1,685

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

15. RELATED PARTY TRANSACTIONS (Continued)

(3) Revenue from a related party

	Year ended December 31,	
	2016	2017
	RMB	RMB
Xiaomi Telecommunication Technology[a]	299,827	739,464

(4) Commission expense:

	Year ended December 31,	
	2016	2017
	RMB	RMB
Xiaomi Inc.[c]	166	3,327

(5) Interest Expenses

	Year ended December 31,	
	2016	2017
	RMB	RMB
Xiaomi Software[d]	1,761	1,761

(6) Interest Income

	Year ended December 31,	
	2016	2017
	RMB	RMB
Xiaomi H.K.[b]	272	490

(a) The balance due from Xiaomi Telecommunication Technology represents receivable arising from sales of water purifier and accessories. The balance due to Xiaomi Telecommunication Technology represents payable arising from purchase of Xiaomi branded products.

(b) The balance due from Xiaomi H.K. represents loan and interest receivables from the related party. The loan is US$5,000 with an interest rate of 3 month Libor add 10bps. The loan term is 3 months and will be automatically extended by another 3 months if the two parties do not raise any objections on the maturity date. The loan has been settled in March 2018.

(c) Foshan Viomi sells its own brand products on the E-platform of Xiaomi Inc., which charges Foshan Viomi commission fee. The amount due from Xiaomi Inc. represents sales receivable net of commission fee.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

15. RELATED PARTY TRANSACTIONS (Continued)

(d) The balance due to Xiaomi Software represents borrowing from the related party. The loan is RMB31,900 with an interest rate of 5.52% per annum. The loan term is 3 months and will be automatically extended by another 3 months if the two parties do not raise any objections on the maturity date. The loan has been settled in March 2018.

(e) The balance due to Tianjin Jinxing represents US$409 (equivalent to RMB2,671) that the Company received from Red Better with the understanding that RMB 2,500 will be repaid to Tianjin Jinxing in the PRC.

16. FAIR VALUE MEASUREMENTS

Fair value reflects the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities.

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This guidance specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1—Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2—Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3—Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value guidance describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

17. COMMITMENTS AND CONTINGENCIES

(a) Lease commitments

The Group leases its offices under non-cancelable operating lease agreements. The Group recognizes rental expense under such arrangements on a straight-line basis over the lease term.

As of December 31, 2017, future minimum commitments under non-cancelable agreements were as follows:

2018	2,448
2019	2,237
2020	1,869
2021 and after	2,637
	9,191

(b) Capital and other commitment

The Group did not have significant capital and other commitments as of December 31, 2017.

(c) Legal proceedings

From time to time, the Group is subject to legal proceedings, investigations and claims incidental to the conduct of its business. As of December 31, 2017, the Group was not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, balance sheets or results of operations and cash flows.

18. SUBSEQUENT EVENTS

The Group has evaluated events subsequent to the balance sheet date of December 31, 2017 through June 26, 2018, the date on which the financial statements are available to be issued.

(1) Transfer and Surrender of Ordinary Shares

In June 2018, the Board of Directors and the shareholders approved a transfer and surrender of shares plan, pursuant to which, Mr. Chen, who holds 33,818,182 Class A ordinary shares on behalf of certain key management founders through Viomi Limited, transferred 16,145,454 Class A ordinary shares to key management founders and surrendered the remaining 17,672,728 Class A ordinary shares to the Company. Concurrently, the Board of Directors and shareholders of the Company approved the 2018 Share Incentive Plan, pursuant to which the maximum aggregate number of shares which may be issued was initially 17,672,728.

(2) Issuance of New Share Options

Until April 2018, the Company granted 3,980,000 share options to its employees, under the 2015 Share Incentive Plan, with an exercise price of US$0.55. These share options are subject to a vesting period of 4 to 5 years.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

18. SUBSEQUENT EVENTS (Continued)

(3) Under a license agreement being effective from June 24, 2018, the Group have obtained an exclusive and royalty-free right to use 11 patents owned by the Founder and CEO.

19. UNAUDITED PRO FORMA BALANCE SHEET AND INCOME PER SHARE

Pursuant to the Company's Memorandum and Articles of Association, the Company's Series A Preferred Shares and Class B Ordinary Shares will be automatically converted into Class A ordinary shares upon the closing of a Qualified IPO. In addition, the vesting of Restricted Shares granted to the Founder will accelerate upon the closing of a Qualified IPO.

The unaudited pro forma balance sheet as of December 31, 2017 presents an adjusted financial position as if all Class A and Class B Ordinary Shares granted to the Founders have been vested and all Series A Preferred Shares and Class B Ordinary Shares have been converted into ordinary shares as if the conversion occurred on the balance sheet date. Accordingly, the carrying value of the preferred shares and relevant liabilities were reclassified from preferred shares and liabilities to ordinary shares and additional paid in capital for such pro forma presentation.

The following table sets forth the computation of unaudited pro forma basic and diluted net income per share for the year ended December 31, 2017 after giving effect to the assumption that all Class A and Class B Ordinary Shares granted to the Founders have been vested and all Series A Preferred Shares and Class B Ordinary Shares have been converted into ordinary shares as if the conversion occurred as of the beginning of the period or the original date of issuance, if later:

	Year ended December 31, 2017 RMB
Basic net income per share	
Numerator:	
Net income attributable to ordinary shareholders	8,033
Pro forma effect of conversion of unvested shares	8,103
Pro forma effect of conversion of Series A Preferred Shares and Class B Ordinary Shares	80,108
Pro forma net income attributable to ordinary shareholders—basic	96,244
Denominator:	
Denominator for basic calculation—weighted average number of ordinary shares outstanding	20,684,681
Pro forma effect of conversion of unvested shares	25,363,637
Pro forma effect of conversion of Series A Preferred Shares and Class B Ordinary Shares	136,545,455
Denominator for pro forma basic net income per share calculation	182,593,773
Pro forma basic net income per share attributable to ordinary shareholders	0.53

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

19. UNAUDITED PRO FORMA BALANCE SHEET AND INCOME PER SHARE (Continued)

	Year ended December 31, 2017 RMB
Diluted net income per share	
Numerator:	
Pro forma net income attributable to ordinary shareholders—basic	96,244
Denominator:	
Denominator for pro forma basic net income per share calculation	182,593,773
Dilutive ordinary share options	4,895,125
Denominator for pro forma diluted net income per share calculation	187,488,898
Pro forma diluted net income per share attributable to ordinary shareholders	0.51

20. RESTRICTED NET ASSETS

Relevant PRC laws and regulations permit payments of dividends by the Group's entities incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's entities in the PRC are required to annually appropriate 10% of their net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve funds have reached 50% of their respective registered capital. As a result of these and other restrictions under PRC laws and regulations, the Company's entities incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion as calculated under U.S. GAAP amounted to RMB12,500 and RMB18,750 as of December 31, 2016 and 2017. There are no differences between U.S. GAAP and PRC accounting standards in connection with the reported net assets of the legally owned subsidiaries in the PRC and the VIE. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to its shareholders. Except for the above, there is no other restriction on use of proceeds generated by the Group's subsidiaries and VIE to satisfy any obligations of the Company.

For the year ended December 31, 2017, the Company performed a test on the restricted net assets of subsidiaries and VIE in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that the restricted net assets exceeded 25% of the consolidated net assets of the Company as of December 31, 2016 and 2017 and the condensed financial information of the Company are required to be presented.

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

21. ADDITION INFORMATION—CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

BALANCE SHEETS

	As of December 31,		
	2016 RMB	2017 RMB	2017 US$ (Note2(e))
Assets			
Current assets			
Cash and cash equivalents	33,046	34,012	5,228
Amounts due from related parties	106,509	101,191	15,552
Total current assets	139,555	135,203	20,780
Investments in subsidiaries and VIEs	11,137	108,751	16,715
Total assets	150,692	243,954	37,495
Liabilities			
Current liabilities			
Accrued expenses and other liabilities	1,083	496	77
Share-based compensation liabilities	4,550	4,738	728
Total current liabilities	5,633	5,234	805
Total liabilities	5,633	5,234	805
Mezzanine equity			
Class B redeemable convertible ordinary shares ("Class B Ordinary Shares") (US$0.0001 par value; 135,272,728 shares authorized and issued as of December 31, 2016 and 2017; 84,545,455 shares outstanding , and liquidation value of RMB9,306 as of December 31, 2016 and December 31, 2017 ; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017)	272,720	256,883	39,482
Series A redeemable convertible preferred shares ("Series A Preferred Shares") (US$0.0001 par value; 18,181,818 shares authorized, issued and outstanding as of December 31, 2016 and 2017; liquidation value of RMB183,453 as of December 31, 2016 and 2017, respectively; and none (unaudited) outstanding on a pro forma basis as of December 31, 2017)	151,279	151,045	23,215
Total mezzanine equity	423,999	407,928	62,697
Shareholders' deficit			
Class A ordinary shares (US$0.0001 par value; 346,545,454 shares authorized and 33,818,182 shares issued as of December 31, 2016 and 2017; 16,909,090 and 25,363,636 shares outstanding as of December 31, 2016 and 2017, respectively; and 187,272,728 (unaudited) outstanding on a pro forma basis as of December 31, 2017)	10	15	2
Additional paid-in capital	6,031	9,666	1,486
Accumulated deficit	(247,875)	(160,885)	(24,728)
Accumulated other comprehensive loss	(37,106)	(18,004)	(2,767)
Total shareholders' deficit	(278,940)	(169,208)	(26,007)
Total liabilities, mezzanine equity and shareholders' deficit	150,692	243,954	37,495

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

21. ADDITION INFORMATION—CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY (Continued)

STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Year ended December 31,		
	2016	2017	2017
	RMB	RMB	US$
			(Note2(e))
Share of income of subsidiaries and VIEs	15,533	92,124	14,158
Interest income	726	1,116	172
Net income	16,259	93,240	14,330
Other comprehensive (loss) income:			
Foreign currency translation adjustments, net of nil tax	(23,080)	19,102	2,936
Total comprehensive (loss) income	(6,821)	112,342	17,266

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

21. ADDITION INFORMATION—CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY (Continued)

STATEMENTS OF CASH FLOW

	Year ended December 31,		
	2016 RMB	2017 RMB	2017 US$ (Note2(e))
Net Cash provided by Operating Activities	72	221	34
Borrowing provided to Viomi HK	(31,690)	—	—
Net Cash used in Investing Activities	(31,690)	—	—
Cash received from a shareholder	—	2,671	411
Net Cash provided by Financing Activities	—	2,671	411
Effect of exchange rate changes on cash and cash equivalents	1,333	(1,926)	(294)
(Decrease) increase in cash and cash equivalent	(30,285)	966	151
Cash and cash equivalents at beginning of the year	63,331	33,046	5,077
Cash and cash equivalents at end of the year	33,046	34,012	5,228

VIOMI TECHNOLOGY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

(Amounts in thousands except for number of shares and per share data)

21. ADDITION INFORMATION—CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY (Continued)

NOTES OF THE CONDENSED FINANCIAL STATEMENT

(1) BASIS FOR PREPARATION

The condensed financial information of the Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the Company has used the equity method to account for investments in its subsidiaries.

(2) INVESTMENTS IN SUBSIDIARIES

The Company and its subsidiaries were included in the consolidated financial statements where the inter-company transactions and balances were eliminated upon consolidation. For the purpose of the Company's stand-alone financial statements, its investments in subsidiaries were reported using the equity method of accounting. The Company's share of income from its subsidiaries were reported as equity in earnings of subsidiaries in the accompanying parent company financial statements.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements, the form of which is filed as Exhibit 10.3 to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation D under the Securities Act or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not

involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Ordinary shares			
Viomi Limited	July 21, 2015	33,818,182 class A ordinary shares and 67,636,364 class B ordinary shares	Contribution of Foshan Viomi and Beijing Viomi
Red Better Limited		33,818,182 class B ordinary shares	
Shunwei Talent Limited		33,818,182 class B ordinary shares	
Series A preferred shares			
SCC Venture V Holdco I, Ltd.	July 21, 2015	10,909,091	US$12.0 million
Shunwei Ecosystem Fund, L.P.	July 21, 2015	3,181,818	US$3.5 million
Morningside China TMT Special Opportunity Fund, L.P.	July 21, 2015	2,070,707	US$2.3 million
Morningside China TMT Fund III Co-Investment, L.P.	July 21, 2015	202,020	US$0.2 million
Shunwei Talent Limited	July 21, 2015	1,818,182	US$20.0 million
Options			
Certain directors, officers and employees	from October 10, 2015 to April 1,2018	Options to purchase 13,280,000 ordinary shares	Past and future services to us

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index beginning on page II-4 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Viomi Technology Co., Ltd

Exhibit Index

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2*	Form of Third Amended and Restated Memorandum and Articles of Association of the Registrant, effective immediately upon the completion of this offering
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Ordinary shares
4.3*	Form of Deposit Agreement, among the Registrant, the depositary and the holders and beneficial owners of American Depositary Shares issued thereunder
4.4	Shareholders Agreement between the Registrant and other parties thereto dated July 21, 2015
5.1*	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1*	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2	Opinion of Han Kun Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)
10.1	2015 Share Incentive Plan
10.2	2018 Share Incentive Plan
10.3*	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.4*	Form of Employment Agreement between the Registrant and its executive officers
10.5	English translation of executed form of shareholder voting proxy agreement among a VIE of the Registrant, its shareholders and the WFOE of the Registrant as currently in effect, and a schedule of all executed shareholder voting proxy agreements adopting the same form in respect of each of the VIEs of the Registrant
10.6	English translation of executed form of equity pledge agreement among a VIE of the Registrant, its shareholders, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed equity pledge agreements adopting the same form in respect of each of the VIEs of the Registrant
10.7	English translation of executed form of exclusive consultation and service agreement between a VIE and the WFOE of the Registrant, as currently in effect, and a schedule of all executed exclusive consultation and service agreements adopting the same form in respect of each of the VIEs of the Registrant
10.8	English translation of executed form of exclusive option agreement among a VIE of the Registrant, its shareholders, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed exclusive option agreements adopting the same form in respect of each of the VIEs of the Registrant

Exhibit Number	Description of Document
10.9	English translation of executed form of spousal consent letter of the spouse of Mr. Xiaoping Chen as an individual shareholder of a VIE of the Registrant, as currently in effect, and a schedule of all executed spousal consent letters adopting the same form in respect of each of the VIEs of the Registrant
10.10	English Translation of Business Cooperation Agreement between Foshan Viomi and Xiaomi dated September 6, 2017
21.1	Principal subsidiaries and variable interest entities of the Registrant
23.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm
23.2*	Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3	Consent of Han Kun Law Offices (included in Exhibit 99.2)
24.1	Powers of Attorney (included on signature page)
99.1*	Code of Business Conduct and Ethics of the Registrant
99.2	Opinion of Han Kun Law Offices regarding certain PRC law matters
99.3	Consent of iResearch
99.4	Consent of AVISTA Valuation Advisory Limited

* To be filed by amendment.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Guangzhou, China, on , 2018.

Viomi Technology Co., Ltd

By: _____

Name: Xiaoping Chen
Title: *Chairman of the Board of Directors and Chief Executive Officer*

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints and as attorneys-in-fact with full power of substitution for him in any and all capacities to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Xiaoping Chen	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	, 2018
Luo Zou	Director	, 2018
De Liu	Director	, 2018
Zhigang Yang	Vice President, Finance (Principal Financial and Accounting Officer)	, 2018

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Viomi Technology Co., Ltd has signed this registration statement or amendment thereto in New York on , 2018.

Authorized U.S. Representative

By: _____

Name:
Title:

THE COMPANIES LAW (2013 REVISION)

OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

Viomi Technology Co., Ltd

(As Adopted by way of Special Resolutions passed on July 21, 2015)

NAME

1. The name of the Company is Viomi Technology Co., Ltd.

REGISTERED OFFICE

2. The Registered Office of the Company shall be at the offices of the office of NovaSage Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P.O. Box 2582, Grand Cayman KY1-1103, Cayman Islands or at such other place as the Directors may from time to time decide.

GENERAL OBJECTS AND POWERS

3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or as revised, or any other law of the Cayman Islands.

LIMITATION OF LIABILITY

4. The liability of each Member of the Company is limited to the amount from time to time unpaid on such Member's shares.

CURRENCY

5. Shares in the Company shall be issued in the currency of the United States of America.

AUTHORIZED CAPITAL

6. The authorized share capital of the Company is US$50,000 consisting of 500,000,000 shares of a nominal or par value of US$0.0001 each, of which: (i) 346,545,454 are designated as class A ordinary shares of a nominal or par value of US$0.0001 each (the "Class A Ordinary Shares"), (ii) 135,272,728 authorized class B ordinary shares, par value US$0.0001 per share, of the Company (the "Class B Ordinary Shares", collectively with the Class A Ordinary Shares, the "Ordinary Shares"), and (iii) 18,181,818 are designated as preferred shares of a nominal or par value of US$0.0001 each (the "Preferred Shares"), all of which are designated as series A convertible redeemable preferred shares (the "Series A Preferred Shares"), with power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be Preferred or otherwise shall be subject to the powers hereinbefore contained.

EXEMPTED COMPANY

7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Article 174 of the Companies Law and, subject to the provisions of the Companies Law and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

REGISTERED SHARES AND BEARER SHARES

8. Shares of the Company may be issued as registered shares only. The Company shall not issue shares in bearer form.

DEFINITIONS

9. The meanings of terms used in this Memorandum of Association are as defined in the Articles of Association.

THE COMPANIES LAW (2013 REVISION)

OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

Viomi Technology Co., Ltd

(As Adopted by way of Special Resolutions passed on July 21, 2015)

PRELIMINARY

The regulations in Table A in the Schedule to the Law (as defined below) do not apply to the Company.

1. In these Articles and the Memorandum, if not inconsistent with the subject or context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

Words	Meanings
Beijing Affiliate	Beijing Yunmi Science and Technology Co., Ltd. (□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC.
BVI Co.	Viomi Limited, a company organized and existing under the laws of the British Virgin Islands.
Class B Investors	Red Better Limited ("Red Better"), Shunwei High Tech Limited ("Shunwei"), and the BVI Co..
Deemed Class B Share Issue Price	the deemed per share price at which the Class B Ordinary Shares are issued, which is US$0.0121, as adjusted for share dividends, splits, combinations, recapitalizations or similar events and are otherwise provided herein.
Director	a director, including a sole director, for the time being of the Company and shall include an alternate director.
Founder	Chen Xiaoping, a PRC citizen with his ID No. of 511024197503241038.
Foshan Affiliate	Foshan Yunmi Electrical Technology Co., Ltd. (□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC.
Group Companies	the Company, the HK Co., the WFOE, the PRC Affiliates and each of their direct or indirect subsidiaries.
HK Co.	Viomi HK Technology Co., Limited (□□□□□□□□□□), a company organized and existing under the laws of Hong Kong.

Investors	Series A Investors and Class B Investors.
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires.
Majority Holders	means the holders of no less than sixty-seven percent (67%) of the issued and outstanding Class B Ordinary Shares (the "Majority Class B Holders") and the holders of no less than sixty-seven percent (67%) of the issued and outstanding Series A Preferred Shares (the "Majority Series A Holders").
Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast, or a written resolution passed by the unanimous consent of all Members entitled to vote.
PRC Companies	the WFOE, the PRC Affiliates and each of their direct or indirect subsidiaries.
PRC Affiliates	the Foshan Affiliate and the Beijing Affiliate.
Preferred Shares	preferred shares with the par value of US$0.0001 each in the capital of the Company.
Preferred Share Issue Price	the per share price at which the Series A Preferred Shares are issued, which is US$1.10, as adjusted for share dividends, splits, combinations, recapitalizations or similar events and are otherwise provided herein.
person	an individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated or association of persons.

Register of Members	the register of Members referred to in these Articles.
resolution of directors	(a) A resolution approved at a duly convened and constituted meeting of directors of the Company or of a committee of directors of the Company by the affirmative vote of a simple majority of the directors present at the meeting who voted and did not abstain; or (b) a unanimous written resolution consented to in writing by all directors entitled to vote or of all members of the committee entitled to vote, as the case may be.
Shareholders Agreement	the Shareholders Agreement dated July 21, 2015 by and among the Group Companies, the BVI Co., the Founder, the Class B Investors, the Series A Investors and other parties thereto.
Share Issue Price	with respect to the Class B Ordinary Share, means the Deemed Class B Share Issue Price; with respect to the Series A Preferred Shares, means the Preferred Share Issue Price, as applicable.
Share Purchase Agreement	the Series A Preferred Shares Purchase Agreement dated July 9, 2015 by and among the Group Companies, the BVI Co., the Founder, the Series A Investors and other parties thereto.
Securities	shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.

Series A Preferred Shares	Preferred Shares designated as Series A Preferred Shares with par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series A Investors	SCC Venture V Holdco I, Ltd. (“Sequoia”), Shunwei Ecosystem Fund, L.P., Morningside China TMT Special Opportunity Fund, L.P., Morningside China TMT Fund III Co-Investment, L.P. and Shunwei.
Share	a share or shares in the Company and includes a fraction of a share.
Special Resolution	subject to Article 41 of the these Articles, a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a majority of not less than two thirds (or such greater number as may be specified in these Articles) of the vote cast, as provided in the Law, or a written resolution passed by unanimous consent of all Members entitled to vote.
the Law	the Companies Law (2013 Revision) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
the Memorandum	the Memorandum of Association of the Company as originally adopted or as from time to time amended by Special Resolutions.
the Seal	any Seal which has been duly adopted as the Seal of the Company.
these Articles	the Articles of Association as originally adopted or as from time to time amended by Special Resolutions.
WFOE	Lequan Technology (Beijing) Co., Limited (□□□□(II□)□□□□), a limited liability company organized and existing under the laws of the PRC, as the wholly-owned subsidiary of the HK Co..

2. “Written” or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of reproducing words in a visible form, including telex, facsimile, telegram, cable, or other form of writing produced by electronic communication.

3. Save as aforesaid any words or expressions defined in the Law shall bear the same meaning in these Articles.

4. Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.

5. A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by members holding the shares except that it is the votes allocated to the shares that shall be counted and not the number of members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.

6. A reference to money in these Articles is, unless otherwise stated, a reference to the currency in which shares in the Company shall be issued according to the provisions of the Memorandum.

REGISTRATION OF SHARES

7. Register of Members

The Board of Directors of the Company (the “Board”) shall cause to be kept in one or more books a Register of Members which may be kept within or outside the Cayman Islands at such place as the Directors shall appoint and shall enter therein the following particulars:

(a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;

(b) the date on which each person was entered in the Register of Members; and

(c) the date on which any person ceased to be a Member.

8. Registered Holder Absolute Owner

8.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognize any equitable claim or other claim to, or interest in, such share on the part of any other person.

8.2 No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognize, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register or on a share certificate in respect of a share, then, except as aforesaid:

(a) such notice shall be deemed to be solely for the holder's convenience;

(b) the Company shall not be required in any way to recognize any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;

(c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

(d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register or on a share certificate and continuing to recognize the holder as having an absolute right to the entirety of the share or shares concerned.

SHARES, AUTHORIZED CAPITAL, CAPITAL

9. Subject to the provisions of these Articles, any resolution of the Members and any agreement which is binding on the Company to the contrary, the unissued shares of the Company shall be at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine provided that no share shall be issued at a discount except in accordance with the Law.

10. Shares in the Company shall be issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the foregoing as shall be determined by a resolution of directors.

11. Shares in the Company may be issued for such amount of consideration as the directors may from time to time by resolution of directors determine, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence of fraud the decision of the directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved. The consideration in respect of the shares constitutes capital to the extent of thereof and the excess constitutes share premium.

12. A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.

13. The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

14. Shares may be issued as registered shares only. The Company shall not issue shares in bearer form.

15. Upon the issue by the Company of a share without par value, if an amount is stated in the Memorandum to be authorized capital represented by such shares then each share shall be issued for no less than the appropriate proportion of such amount which shall constitute capital, otherwise the consideration in respect of the share constitutes capital to the extent designated by the directors, except that the directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

16. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the Company may purchase, redeem or otherwise acquire and hold its own shares but in accordance with the Law and the Company be and is hereby authorized to make payment out of capital in connection therewith.

17. Subject to provisions to the contrary in

(a) the Memorandum or these Articles;

(b) the designations, powers, preferences, rights, qualifications, limitations and restrictions with which the shares were issued; or

(c) the subscription agreement for the issue of the shares,

The Company may not purchase or redeem its own shares without the consent of members whose shares are to be purchased or redeemed.

18. No purchase or redemption of shares out of capital shall be made unless the directors determine that immediately after the purchase or redemption the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and unless it is in compliance with the provisions of the Law.

19. Shares that the Company purchases, redeems or otherwise acquires pursuant to the preceding paragraph shall be cancelled and available for re-issue thereafter.

TRANSFER OF SHARES

20. Subject to any limitations in the Memorandum, registered shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate.

21. The Company shall not be required to treat a transferee of a registered share in the Company as a member until the transferee's name has been entered in the Register of Members.

22. Subject to any limitations in the Memorandum, these Articles and any agreements entered into between the Company and the members, the Company must on the application of the transferor or transferee of a registered share in the Company enter in the Register of Members the name of the transferee of the share; provided that, the directors, solely subject to and in accordance with contractual commitments regarding the transfer of shares that the Company may from time to time have, may decline to register any transfer of shares in violation of such commitments. If the directors refuse to register a transfer they shall notify the transferee within sixty (60) days of such refusal.

VARIATION OF CLASS RIGHTS

23. If at any time the authorized capital is designated into different classes or series of shares, subject to compliance with other consent or approval requirements under these Articles, the rights attached to any class or series (unless otherwise provided by the terms of issuance of the shares of that class or series) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least fifty percent (50%) of the issued shares of that class or series, which may be affected by such variation.

24. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by the creation or issuance of further shares ranking *pari passu* therewith.

TRANSMISSION OF SHARES

25. The executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognized by the Company as having any title to his share but they shall not be entitled to exercise any rights as a member of the Company until they have proceeded as set forth in the next following three regulations.

26. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased member or of the appointment of a guardian of an incompetent member or the trustee of a bankrupt member shall be accepted by the Company even if the deceased, incompetent or bankrupt member is domiciled outside the Cayman Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor, appointment as guardian or trustee in bankruptcy is issued by a foreign court which had competent jurisdiction in the matter. For the purpose of establishing whether or not a foreign court had competent jurisdiction in such a matter the directors may obtain appropriate legal advice. The directors may also require an indemnity to be given by the executor, administrator, guardian or trustee in bankruptcy.

27. Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any member may be registered as a member upon such evidence being produced as may reasonably be required by the directors. An application by any such person to be registered as a member shall for all purposes be deemed to be a transfer of shares of the deceased, incompetent or bankrupt member and the directors shall treat it as such.

28. Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

29. What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

REDUCTION OR INCREASE IN AUTHORIZED CAPITAL OR CAPITAL

30. Subject to the Law, the Company may from time to time by an Ordinary Resolution to increase its share capital by new shares of such amount as it thinks expedient or, if the Company has shares without par value, increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient.

31. Subject to the Law, the Company may from time to time by an Ordinary Resolution to:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or

(c) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

32. For the avoidance of doubt it is declared that Article 31(a) and (b) above do not apply if at any time the shares of the Company have no par value.

33. Subject to the Law, the Company may from time to time by Special Resolution reduce its share capital in any way or, subject to Article 133, alter any conditions of its Memorandum of Association relating to share capital.

34. Subject to Article 9, the Memorandum and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into Ordinary Shares and Preferred Share. The holders of Ordinary Shares, subject to provisions of these Articles, shall:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

The holders of the Preferred Shares shall be entitled to the rights set out in the following Articles.

CONVERSION OF PREFERRED SHARES AND CLASS B ORDINARY SHARES

35. Conversion Rights. Unless converted earlier pursuant to Article 36 below, each holder of Preferred Shares and/or Class B Ordinary Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares and/or Class B Ordinary Shares into Class A Ordinary Shares at any time.

The conversion rate for Preferred Shares and Class B Ordinary Shares shall be determined by dividing applicable Share Issue Price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below (the "Conversion Price"), being no less than par value.

Nothing in this Article 35 shall limit the automatic conversion rights of Preferred Shares and Class B Ordinary Shares described in Article 36 below.

36. Automatic Conversion. Each Preferred Share and Class B Ordinary Share shall automatically be converted into Class A Ordinary Shares, at the then applicable Conversion Price upon the closing of an underwritten public offering of the Class A Ordinary Shares of the Company in the United States, that has been registered under the Securities Act of 1933, as amended (the "Securities Act"), with an implied valuation of the Company prior to such public offering shall be no less than US$800,000,000 and the net proceeds to the Company of no less than US$200,000,000, after deduction of underwriting discounts and registration expenses, or in a similar public offering of the Class A Ordinary Shares of the Company in Hong Kong or another jurisdiction which results in the Class A Ordinary Shares trading publicly on a recognized international securities exchange; provided that such offering in terms of price, net proceeds, implied market capitalization and regulatory approval is reasonably equivalent to the aforementioned public offing in the United States and is subject to the prior written approval of the Investors (a "Qualified Initial Public Offering"). In the event of the automatic conversion of the Preferred Shares and the Class B Ordinary Shares upon a Qualified Initial Public Offering as aforesaid, the person(s) entitled to receive the Class A Ordinary Shares issuable upon such conversion of Preferred Shares or Class B Ordinary Shares shall not be deemed to have converted such Preferred Shares or Class B Ordinary Shares until immediately prior to the closing of such Qualified Initial Public Offering.

37. Mechanics of Conversion. No fractional Class A Ordinary Share shall be issued upon conversion of the Preferred Shares and/or Class B Ordinary Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective Conversion Price. Before any holder of Preferred Shares and/or Class B Ordinary Shares shall be entitled to convert the same into full Class A Ordinary Shares and to receive certificates therefor, he shall surrender the certificate or certificates therefor, at the office of the Company or of any transfer agent for the Preferred Shares and/or the Class B Ordinary Shares and shall give written notice to the Company at such office that he elects to convert the same. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Shares and/or Class B Ordinary Shares a certificate or certificates for the number of Class A Ordinary Shares to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional Class A Ordinary Shares, if any, and the Company shall update its register of members accordingly. Such conversion shall be deemed to have been made immediately prior to close of business on the date of such surrender of the shares of Preferred Shares and/or Class B Ordinary Shares to be converted, and the person or persons entitled to receive the Class A Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Class A Ordinary Shares on such date after its name is recorded in the Register of Members as the holder of such Class A Ordinary Shares. The Directors may effect conversion in any matter permitted by law including, without prejudice to the generality of the foregoing, repurchasing or redeeming the relevant Preferred Shares and Class B Ordinary Shares and applying the proceeds towards the issue of the relevant number of new Class A Ordinary Shares.

38. Reservation of Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Class A Ordinary Shares solely for the purpose of effecting the conversion of the shares of the Preferred Shares and the Class B Ordinary Shares such number of its Class A Ordinary Shares as shall from time to time be sufficient to effect the conversion of all issued and outstanding shares of the Preferred Shares and Class B Ordinary Shares, and if at any time the number of authorized but unissued Class A Ordinary shares shall not be sufficient to effect the conversion of all then issued and outstanding shares of the Preferred Shares and Class B Ordinary Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares and Class B Ordinary Shares, the Company will take such corporate action as may, in the opinion of its legal counsel, be necessary to increase its authorized but unissued Class A Ordinary Shares to such number of shares as shall be sufficient for such purposes.

ADJUSTMENTS TO CONVERSION PRICE

39. (a) Special Definitions. For purposes of this Article 39, the following definitions shall apply:

(i) "**Options**" mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Class A Ordinary Shares or Convertible Securities.

(ii) "**Original Issue Date**" for each class of Preferred Shares shall mean the date on which the first such Preferred Shares was issued, for each class of Class B Ordinary Shares shall mean the date on which the first such Class B Ordinary Shares was issued, as applicable.

(iii) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Class A Ordinary Shares.

(iv) "**Additional Ordinary Shares**" for each class of Preferred Shares and/or Class B Ordinary Shares shall mean all Class A Ordinary Shares (including reissued shares) issued (or, pursuant to Article 39(c), deemed to be issued) by the Company after the applicable Original Issue Date, other than:

(A) any Class A Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, contractors, advisors or consultants of the Company pursuant to the Company's employee share option plans approved in accordance with the Transaction Documents (as defined in the Share Purchase Agreement);

(B) any shares of Preferred Shares issued under the Share Purchase Agreement, as such agreement may be amended and any Class A Ordinary Shares issued pursuant to the conversion of the Preferred Shares and the Class B Ordinary Shares;

(C) any securities issued in connection with any share split, share dividend or other similar event in which all the holders of the Preferred Shares and Class B Ordinary Shares are entitled to participate on a pro rata basis;

(D) Class A Ordinary Shares issued upon conversion or exercise of options, warrants, or other securities that are outstanding issued before applicable Original Issue Date;

(E) any securities issued pursuant to a Qualified Initial Public Offering;

(F) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; or

(G) any Class A Ordinary Shares issued or issuable to banks, equipment leasers or other financial institutions pursuant to a debt financing or commercial leasing transaction approved by the Investors.

(b) No Adjustment to Conversion Price. No adjustment in the Conversion Price shall be made in respect of the issuance of Additional Ordinary Shares unless the consideration per share for an Additional Ordinary Share issued or deemed to be issued by the Company is less than the applicable Conversion Price in effect on the date of and immediately prior to such issuance.

(c) Deemed Issuance of Additional Ordinary Shares. In the event the Company at any time or from time to time after the applicable Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to clause (ii) below) of Class A Ordinary Shares issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issuance or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Ordinary Shares shall not be deemed to have been issued with respect to Preferred Shares and the Class B Ordinary Shares, unless the consideration per share (determined pursuant to Article 39(e) hereof) of such Additional Ordinary Share would be less than the applicable Conversion Price in effect on the date of and immediately prior to such issuance, or such record date, as the case may be, and provided further that in any such case in which Additional Ordinary Shares are deemed to be issued:

(i) no further adjustment to the Conversion Price shall be made upon the subsequent issuance of Convertible Securities or Class A Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Class A Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or

decrease becoming effective be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been fully exercised, the Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration be recomputed as if:

(A) in the case of Convertible Securities or Options for Class A Ordinary Shares, the only Additional Ordinary Shares issued were Class A Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issuance of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issuance of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issuance of the Convertible Securities with respect to which such Options were actually exercised;

(iv) no readjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the applicable Conversion Price immediately prior to the original adjustment date, or (ii) the Conversion Price that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and

(v) in the case of any Options which expire by their terms not more than 30 days after the date of issuance thereof, no adjustment of the Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

(d) Adjustment of applicable Conversion Price upon Issuance of Additional Ordinary Shares below the applicable Conversion Price. In the event that the Company shall issue any Additional Ordinary Shares (including those deemed to be issued pursuant to Article 39 (c)) without consideration or at a subscription price per Class A Ordinary Share (on an as-converted basis) less than any of the applicable Conversion Price in effect on the date of and immediately prior to such issuance, then the applicable Conversion Price for such Preferred Shares and/or such Class B Ordinary Shares shall forthwith be reduced, concurrently with such issue, to the price determined in accordance with the following formula:

$$CP2 = CP1^* (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

"CP2" shall mean the conversion price in effect immediately after such issue or sale of Additional Ordinary Shares;

"CP1" shall mean the conversion price in effect immediately prior to such issue or sale of Additional Ordinary Shares;

"A" shall mean the number of Class A Ordinary Shares outstanding immediately prior to such issue or sale of Additional Ordinary Shares;

"B" shall mean the number of Class A Ordinary Shares that would have been issued or sold if such Additional Ordinary Shares had been issued or sold at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Company in respect of such issue or sale by CP1); and

"C" shall mean the number of such Additional Ordinary Shares issued or sold in such transaction.

For purposes of the above calculation, the number of Class A Ordinary Shares outstanding immediately prior to such issue or sale of Additional Ordinary Shares shall be calculated assuming conversion or exercise of all share equivalents.

(e) Determination of Consideration. For purposes of this Article 39, the consideration received by the Company for the issuance of any Additional Ordinary Shares shall be computed as follows:

(i) Cash and Property. Except as provided in clause (ii) below, such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest for accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issuance, as determined in good faith by the Board irrespective of the accounting treatment of such property; provided, however, that no value shall be attributed to any services performed by any employee, officer or director of the Company; and

(C) in the event Additional Ordinary Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board.

(ii) Options and Convertible Securities. The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article 39(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issuance of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of Class A Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(f) Adjustments for Share Dividends, Subdivisions, Combinations or Consolidations of Class A Ordinary Shares. In the event the outstanding Class A Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Class A Ordinary Shares, the Conversion Price shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Class A Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Class A Ordinary Shares the Conversion Price shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(g) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Class A Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Class A Ordinary Shares, then and in each such event provision shall be made so that the holders of Preferred Shares and the Class B Ordinary Shares shall receive upon conversion thereof, in addition to the number of Class A Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares and Class B Ordinary Shares been converted into Class A Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Article 39 with respect to the rights of the holders of the Preferred Shares and Class B Ordinary Shares.

(h) Adjustments for Reclassification, Exchange and Substitution. If the Class A Ordinary Shares issuable upon conversion of the Preferred Shares and Class B Ordinary Shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then and in each such event the holder of each share of Preferred Shares and Class B Ordinary Shares shall have the right thereafter to convert such share into the kind and amount of shares and other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Class A Ordinary Shares that would have been subject to receipt by the holders upon conversion of the Preferred Shares and Class B Ordinary Shares immediately before that change, all subject to further adjustment as provided herein.

(i) No Impairment. The Company will not, by the amendment of its Memorandum and Articles of Association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of Article 39 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Preferred Shares and the holders of Class B Ordinary Shares against impairment.

(j) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to Article 39, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Shares and each holder of Class B Ordinary Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares and Class B Ordinary Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the applicable Conversion Price at the time in effect, and (iii) the number of Class A Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of such Preferred Shares and Class B Ordinary Shares.

(k) Miscellaneous.

(i) All calculations under this Article 39 shall be made to the nearest one hundredth (1/100) of a cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(ii) The Majority Holders shall have the right to challenge any determination by the Board of fair value pursuant to this Article 39, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging Majority Holders.

(iii) No adjustment in the Conversion Price need be made if such adjustment would result in a change in such conversion price of less than US$0.001. Any adjustment of less than US$0.001 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US$0.00l or more in such conversion price.

VOTING RIGHTS

40. Each Preferred Share and Class B Ordinary Share shall carry a number of votes equal to the number of Class A Ordinary Shares then issuable upon its conversion into Class A Ordinary Shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. To the extent that applicable law, the Memorandum and/or these Articles require the Preferred Shares or Class B Ordinary Shares to vote separately as a class with respect to any matters, the Preferred Shares or Class B Ordinary Shares shall vote separately as a class with respect to such matters. Otherwise, the holders of Preferred Shares and Ordinary Shares shall vote together as a single class.

PROTECTIVE PROVISIONS

41. In addition to such other limitations as may be provided in the Restated Articles, for so long as any Preferred Shares or Class B Ordinary Shares (as applicable) are outstanding, the following acts of the Company shall require the prior written approval of the Majority Holders, provided that notwithstanding anything to the contrary contained herein, where any act listed in clauses a) to w) below requires a Special Resolution (as defined in the Restated Articles) of the shareholders in accordance with the applicable Cayman law, and if the shareholders vote in favor of such act but the approval of the Majority Holder has not yet been obtained, the votes of the holders of the Series A Preferred Shares and the holders of Class B Ordinary Shares who vote against such act at a meeting of the shareholders shall be deemed to be equal to the votes of all the shareholders who vote in favor of such act plus one. For the purpose of this Article 41, the term “Company” means, the Company itself as well as any and all the subsidiaries of the Company (including but not limited to the other Group Companies), to the extent and where applicable.

a) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Preferred Shares or Class B Ordinary Shares; any material change to the Memorandum and Articles of Association or other charter documents of the Company, or any other actions that would adversely affect the rights of the Preferred Shares or Class B Ordinary Shares;

b) any action that authorizes, creates or issues any class of the Company securities having preferences superior to or on a parity with the Preferred Shares or Class B Ordinary Shares or any other securities of the Company;

c) creating, authorizing, reclassifying, issuing, repurchasing or redeeming any equity securities of the Company, excluding (i) any issuance of Class A Ordinary Shares upon conversion of the Series A Preferred Shares or Class B Ordinary Shares, and (ii) the issuance of Class A Ordinary Shares (or options or warrants therefor) under employee equity incentive plans approved by the Board;

d) any consolidation, merger, corporate reorganization, transaction or series of transactions, in which in excess of fifty percent (50%) of the Company’s voting power is transferred or in which the whole or a substantial part of the intellectual properties or the assets of the Company and/or any Group Company is sold or licensed; the combination, division, liquidation, dissolution or winding up of the Company, or termination of the business of the Company in any other manner;

e) any change to the Memorandum and Articles of Association or other charter documents of the Company, or any decrease or increase in the share capital of the Company, change the organization form of the Company, cease to conduct its principal business substantially as now conducted by the Company or change any material part of its principal business;

f) any change in the number of directors of the Company or in the manner in which the directors are appointed;

g) the payment or declaration of any dividend or other distribution on any shares of the Company; settle or alter the terms of any profit sharing scheme or any employee share option or share participation schemes; make awards or grants to employees under any employee stock option plan or other similar incentive schemes; change any terms of liquidation preference;

h) appoint, remove or settle the terms of appointment or removal of the chief executive officer or chief financial officer/financial controller of the Company, pay the remuneration to the Founder;

i) appoint or change any auditors of the Company, or amend the accounting and financial policies of the Company, or change the fiscal year of the Company, or change the accounting firm of the Company;

j) appoint, remove or settle the terms of appointment or removal of the chief operating officer, chief research officer, the chief technology officer, the chief marketing officer and any other management with a higher position of the Company;

k) acquire any investment or incur any commitment in excess of US$2,000,000 at any time in respect of any one transaction, or in excess of US$5,000,000 at any time in a series of transactions, in any financial year of the Company;

l) incurrence of any indebtedness other than the indebtedness in a commercial loan from any banks or other financial institutions out of the ordinary business course of the Company;

m) create or issue any debenture constituting a pledge, lien or charge (whether by way of fixed or floating charge, mortgage encumbrance or other security) on all or any of the undertaking, assets or rights of the Company except for the purpose of the commercial loans from any banks or other financial institutions in the ordinary course of business not in excess of US$1,000,000 (or equivalent in other currencies) in a single transaction or in excess of US$2,000,000 in a series of transactions;

n) sell, transfer, license, charge, encumber or otherwise dispose of any trademarks, patents or other intellectual property owned by the Company;

o) any action that approves the termination of the principal business of the Company, or approves any consolidation, merger, corporate reorganization and liquidation of the Company, or appoints or removes the successors, managers, legal managers or other similar personnel;

p) any transaction or series of transactions between the Company and any shareholder, director, officer or employee of the Company, or any affiliate of any shareholder of the Company or any of its officers, directors or shareholders, including but not limited to the extension by the Company of any loan or guarantee for any indebtedness to such persons (excluding the transactions with Red Better and/or its affiliates);

q) make any equity investment in any other companies or establish a new brand for any other entities than the Group Companies;

r) any disposal or dilution of the equity interest directly or indirectly held by the Company in any other entities or companies;

s) any action that approves the sale, transfer of any equity interest (excluding the Preferred Shares and shares held by the Series A Investors or their nominees and the Class B Ordinary Shares and shares held by Red Better and Shunwei or their respect nominees) of the Company;

t) any adoption or material amendment of the Company's business plan or budget or, or conduct any transaction in excess of such approved budget or business plan;

u) the increase in the compensation of any of the five (5) most highly compensated employees of the Company by more than fifty percent (50%) in a twelve (12) month period;

v) any other material event of the Company as the Investors and the Founder jointly present; and

w) any action by the Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

DRAG-ALONG RIGHT.

42A. If at any time after the third anniversary of the Closing Date (as defined in the Share Purchase Agreement), the Majority Holders approve a proposed Acquisition (as defined below), then, in any such event, upon written notice from such Majority Holder requesting them to do so, all existing shareholders (including the Founder and any holder of Class A Ordinary Shares), directly or indirectly, shall (i) vote, or give their written consent with respect to, all the shares directly or indirectly held by them in favor of such proposed Acquisition and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Acquisition; (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Acquisition; and (iii) take all actions reasonably necessary to consummate the proposed Acquisition, including without limitation amending the then existing Memorandum and Articles of Association of the Company; provided, however, existing shareholders may elect not to vote or give their consent with respect to, all the shares directly or indirectly held by them in favor of such proposed Acquisition, but in any such event, existing shareholders who elect not to vote in favor of such proposed Acquisition, shall be obliged to purchase all the Class A Ordinary Shares (on an as-converted basis) held by all the other holders of the Company, under the same terms and conditions as offered by the prospective purchaser of the proposed Acquisition.

42B For purposes of this Article, an "Acquisition" shall mean (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company; or (iv) a merger, consolidation or other business combination of the Company with or into any other business entity in which the shareholders of the Company immediately after such merger, consolidation or business combination hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.

42D The provision under this Article 42 shall terminate upon the occurrence of a Qualified Initial Public Offering.

REDEMPTION

43A. Notwithstanding anything to the contrary herein, at any time after the earlier of (i) the fifth anniversary of the Closing Date (if the company has not consummated a Qualified Initial Public Offering), or (ii) any material breach by the Founder or the Group Companies, of any representatives, warranties or covenants of the Transaction Documents and not cured within six (6) months (the "Redemption Start Date"), then subject to the applicable laws and, if so requested by any Investor (collectively, the "Redemption Shareholders"), the Company and/or the Founder shall redeem all or part of the outstanding Series A Preferred Shares and/or Class B Ordinary Shares held by such Investor (collectively, the "Redeemable Shares") in cash out of funds legally available therefor (the "Redemption"). The price at which each Redeemable Share shall be redeemed (the "Redemption Price") shall be equal to as below:

$IP \times (106\%)^{N} + D$, where

IP = applicable Share Issue Price for the applicable Redeemable Shares;

N = a fraction the numerator of which is the number of calendar days between date the Redemption Shareholders acquired their applicable Redeemable Shares and the relevant Redemption Date on which such Redeemable Share is redeemed and the denominator of which is 365;

D = all declared but unpaid dividends on each Redeemable Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

Notwithstanding anything to the contrary, to the extent both Series A Preferred Shares and Class B Ordinary Shares held by any Redemption Shareholders are to be redeemed at the same time, then:

(x) no Class B Ordinary Shares of the Company shall be redeemed unless and until the Company shall have redeemed all of the Series A Preferred Shares requested to be redeemed pursuant to this Article 43A and shall have paid all the applicable Redemption Price for such Series A Preferred Shares requested to be redeemed payable pursuant to this Article 43A; if on the Redemption Date, the Company does not have sufficient cash or funds legally available to redeem all of the Series A Preferred Shares required to be redeemed, then the number of Series A Preferred Shares then redeemed shall be based ratably on all Series A Preferred Shares to be redeemed, and the remainder shall be carried forward and redeemed as soon as the Company has legally available funds to do so; and

(y) after payment of the applicable Redemption Price in full on all Series A Preferred Shares to be redeemed, no other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Class B Ordinary Shares requested to be redeemed pursuant to this Article 43A and shall have paid all the applicable Redemption Price for such Class B Ordinary Shares requested to be redeemed payable pursuant to this Article 43A; if after the redemption of the Series A Preferred Shares, the Company does not have sufficient cash or funds legally available to redeem all of the Class B Ordinary Shares required to be redeemed, then the number of Class B Ordinary Shares then redeemed shall be based ratably on all Class B Ordinary Shares to be redeemed, and the remainder shall be carried forward and redeemed as soon as the Company has legally available funds to do so.

If the Company does not have sufficient cash or funds legally available to redeem any of the Redeemable Shares required to be redeemed, the Company and the Founder shall use their best effort to cause the remaining Redeemable Shares to be purchased, including without limitation, to seek, facilitate and procure third parties to acquire the remaining Redeemable Shares on terms and conditions acceptable to the relevant Redemption Holders. In this Article 43, all references to "redemption by the Company" shall be read as references to "redemption or purchase (as the case maybe) by the Company and the Founder".

43B. A notice of redemption (a "Redemption Notice") by such Redemption Shareholders shall be given by hand or by mail to the Company and the Founder at any time on or after the Redemption Start Date stating the date on which the applicable Redeemable Shares are to be redeemed (the "Redemption Date"), provided, however, that the Redemption Date shall be no earlier than the date 30 days after such notice of redemption is given. Upon receipt of any such request, the Company and the Founder shall promptly give written notice of the redemption request to each non-requesting holder of record of applicable Redeemable Shares stating the existence of such request, the Redemption Price, the Redemption Date and the mechanics of redemption.

43C. Before any Redemption Shareholder shall be entitled for redemption under the provisions of this Article 43, such Redemption Shareholder shall surrender his or her certificate or certificates representing such applicable Redeemable Shares to be redeemed to the Company and the Founder in the manner and at the place designated by the Company for that purpose, and the Redemption Price shall be payable on the Redemption Date to the order of the person whose name appears on such certificate or certificates as the owner of such shares and each such certificate shall be cancelled on the Redemption Date. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be promptly issued representing the unredeemed shares. Unless there has been a default in payment of the applicable Redemption Price, upon cancellation of the certificate representing such applicable Redeemable Shares to be redeemed, all dividends on such applicable Redeemable Shares designated for redemption on the relevant Redemption Date shall cease to accrue and all rights of the holders thereof, except the right to receive the Redemption Price thereof (including all accrued and unpaid dividend up to the relevant redemption date), without interest, shall cease and terminate and such Redeemable Shares shall cease to be issued shares of the Company. If the Company and the Founder fail to redeem any Redeemable Shares for which redemption is requested, then during the period from the Redemption Date through the date on which such Redeemable Shares are actually redeemed and the Redemption Price is actually made, in full, such Redeemable Shares shall continue to be outstanding and be entitled to all rights and preferences of Redeemable Shares. After payment in full of the aggregate Redemption Price for all issued and outstanding Redeemable Shares, all rights of the holders thereof as shareholders of the Company shall cease and terminate and such Redeemable Shares shall be cancelled.

43D. If the Company and the Founder fail (for whatever reason) to redeem any Redeemable Shares on its due date for redemption then, as from such date until the date on which the same are redeemed the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

43E. To the extent permitted by law, the Company shall procure that the profits of each subsidiary and affiliate of the Company for the time being legally available for distribution shall be paid to it by way of dividend or otherwise if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to make any redemption of Redeemable Shares required to be made pursuant to this Article 43.

MEETINGS AND CONSENTS OF MEMBERS

44. The directors of the Company may convene meetings of the members of the Company at such times and in such manner and places within or outside the Cayman Islands as the directors consider necessary or desirable.

45. Upon the written request of members holding ten percent or more of the outstanding voting shares in the Company, the directors shall convene a meeting of members promptly, and in any event within ten (10) business days, following receipt by the Company of such a request.

46. The directors shall give not less than seven days notice of meetings of members to those persons whose names on the date the notice is given appear as members in the share register of the Company and are entitled to vote at the meeting.

47. The directors may fix the date notice is given of a meeting of members as the record date for determining those shares that are entitled to vote at the meeting.

48. A meeting of members may be called on short notice:

(a) if members holding not less than 80 percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or 80 percent of the votes of each class or series of shares where members are entitled to vote thereon as a class or series together with not less than a 80 percent majority of the remaining votes, have agreed to short notice of the meeting, or

(b) if all members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

49. The inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received notice, does not invalidate the meeting.

50. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

51. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

52. An instrument appointing a proxy shall be in substantially the following form or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy.

(Name of Company)

I/We _____ being a member of the above Company with _____ shares HEREBY APPOINT _____ of _____or failing him _____ of _____ to be my/our proxy to vote for me/us at the meeting of members to be held on the _____ day of _____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed this day of

_____
Member

53. The following shall apply in respect of joint ownership of shares:

(a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member;

(b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and;

(c) if two or more of the joint owners are present in person or by proxy they must vote as one.

54. A member shall be deemed to be present at a meeting of members if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.

55. No business shall be transacted at any meeting of members unless a quorum is present. The quorum for a meeting of members shall be such Member(s) present in person or by proxy holding (i) not less than a majority of the issued and outstanding Class A Ordinary Shares, (ii) not less than a majority of the issued and outstanding Class B Ordinary Shares, and (iii) not less than a majority of the issued Preferred Shares.

56. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting, a quorum is not present within an hour from the time appointed for the meeting, any Member(s) holding at least fifty percent (50%) of voting rights of the outstanding share capital of the Company (whether in person or by proxy or representative) shall constitute a quorum.

57. At every meeting of members, the Chairman of the Board of Directors shall preside as Chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the members present shall choose someone of their number to be the Chairman. If the members are unable to choose a Chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed proxy at the meeting shall preside as Chairman failing which the oldest individual member or representative of a member present shall take the chair.

58. The Chairman may, with the consent of the meeting, adjourn any meeting from time to time, from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

59. At any meeting of the members the Chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof.

60. Any person other than an individual shall be regarded as one member and subject to the specific provisions hereinafter contained for the appointment of representatives of such persons the right of any individual to speak for or represent such member shall be determined by the law of the jurisdiction

where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any member.

61. Any person other than an individual which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same power on behalf of the person which he represents as that person could exercise if it were an individual member of the Company.

62. The Chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within seven days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

63. Directors of the Company may attend and speak at any meeting of members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.

64. An action that may be taken by the members at a meeting may also be taken by a resolution of members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all the Members, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more members.

DIRECTORS

65. The first directors of the Company shall be appointed by the subscriber to the Memorandum; and thereafter, the directors shall be elected by the members for such term as the members determine.

66. The Company shall be managed by a Board of Directors consisting of three (3) directors, which number of directors shall not be changed except pursuant to an amendment to these Articles. Whereby:

The BVI Co. shall be entitled to appoint and remove two (2) directors (the “Ordinary Directors”), and Red Better shall be entitled to appoint and remove one (1) director (the “Red Better Director”). The BVI Co. and Red Better may remove a Director appointed by it, with or without cause and appoint a new Director in his place by notice in writing to the Company and the other Members.

Each of Sequoia and Shunwei is entitled to appoint and remove one (1) Board observer to attend all meetings of the Board of the Company, the Board of any subsidiaries and affiliates of the Company, and all committees thereof (whether in person, by telephone or other means) in a non-voting observer capacity (the “Investor Observers”). The Investor Observers shall be entitled to receive notices, minutes, and all other materials in relation to the meetings that each of the Group Companies provide to other members of the board of directors or committees, provided, however, that each of the Investor Observers shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided. For the avoidance of doubt, the Group Company shall not be obligated to provide the Investor Observers access to any information, as reasonably determined by the majority of the Board, which shall be a trade secret or the disclosure of which would otherwise constitute a conflict of interests.

67. Any director of the Company may be removed from the Board by the Members of the Company or in the manner specified by the Law and these Articles, but with respect to a director appointed pursuant to Article 66, only upon the vote or written consent of the Members entitled to appoint such director. Any vacancies created by the resignation, removal or death of a director appointed pursuant to Article 66 shall be filled pursuant to Article 66.

68. A director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

69. The Company shall keep a register of directors containing:

(a) the names and addresses of the persons who are directors of the Company;

(b) the date on which each person whose name is entered in the register was appointed as a director of the Company; and

(c) the date on which each person named as a director ceased to be a director of the Company.

70. A copy of the register of directors shall be kept at the registered office of the Company.

71. With the prior approval or subsequent ratification by an Ordinary Resolution and subject to all other approvals required under the Memorandum or these Articles, the Board may, by a resolution of directors, fix the emoluments of directors with respect to services to be rendered in any capacity to the Company.

72. A director shall not require a share qualification, and may be an individual or a company.

POWERS OF DIRECTORS

73. The business and affairs of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Law or by the Memorandum or these Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorized by these Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

74. The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be an officer or agent of the Company. The resolution of directors appointing an agent may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

75. Every officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to the matters requiring a resolution of directors under the Law.

76. Any director which is a body corporate may appoint any person its duly authorized representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.

77. The continuing directors may act notwithstanding any vacancy in their body.

78. The directors may by resolution of directors exercise all the powers of the Company subject to all approvals required under the Memorandum to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

79. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of directors.

80. The Directors shall cause to be kept the register of mortgages and charges required by the Law.

81. The register of mortgages and charges shall be open to inspection in accordance with the Law, at the office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

PROCEEDINGS OF DIRECTORS

82. The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the Cayman Islands as the directors may determine to be necessary or desirable; provided, that the Board of Directors and the Committee (as defined in Article 93 below) shall meet at least every three months.

83. A director shall be deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.

84. A director shall be given not less than seven (7) days notice of meetings of directors, but a meeting of directors held without seven (7) days notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend, waive notice of the meeting and for this purpose, the presence of a director at a meeting shall constitute waiver on his part. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.

85. A director may by a written instrument appoint an alternate who need not be a director and an alternate is entitled to attend meetings in the absence of the director who appointed him and to vote or consent in place of the director.

86. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than two (2) directors (including the Red Better Director), provided, however, that if such quorum cannot be obtained for a Board meeting after two (2) consecutive notices of Board meetings have been sent by the Company with the first notice providing not less than ten (10) days of prior notice and the second notice providing not less than seven (7) days of prior notice, then the attendance of any one (1) director shall constitute a quorum.

87. At every meeting of the directors the Chairman of the Board of Directors shall preside as Chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting the Vice Chairman of the Board of Directors shall preside. If there is no Vice Chairman of the Board of Directors or if the Vice Chairman of the Board of Directors is not present at the meeting the directors present shall choose someone of their number to be Chairman of the meeting.

88. An action that may be taken by the directors or a committee of directors at a meeting may also be taken by a resolution of directors or a committee of directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all directors or all members of the committee as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more directors.

89. The directors shall cause the following corporate records to be kept:

(a) minutes of all meetings of directors, members, committees of directors, committees of officers and committees of members;

(b) copies of all resolutions consented to by directors, members, committees of directors, committees of officers and committees of members; and

(c) such other accounts and records as the directors by resolution of directors consider necessary or desirable in order to reflect the financial position of the Company.

90. The books, records and minutes shall be kept at the registered office of the Company, its principal place of business or at such other place as the directors determine.

91. The directors may, by resolution of directors, designate one or more committees. Each committee of directors has such powers and authorities of the directors, including the power and authority to affix the Seal, as are set forth in the resolution of directors establishing the committee, except that no committee has any power or authority to appoint directors or fix their emoluments, or to appoint officers or agents of the Company.

92. The meetings and proceedings of each committee of directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

93. [Reserved].

OFFICERS

94. The Company may by resolution of Board of Directors, appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President and one or more Vice Presidents, Secretaries and Financial Controller and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

95. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of directors or Ordinary Resolution, but in the absence of any specific allocation of duties it shall be the responsibility of the Chairman of the Board of Directors to preside at meetings of directors and members, the Vice Chairman to act in the absence of the Chairman, the President to manage the day to day affairs of the Company, the Vice Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

96. The emoluments of all officers shall be fixed by resolution of the Board of Directors, with the prior written approval of the Majority Holder; provided, that the Company shall not provide any director's fee, other remuneration or emolument to directors that are not independent directors. The Company shall reimburse the directors for all reasonable out-of-pocket expenses incurred in connection with attending any meetings of the Board and any committee thereof.

97. Subject to compliance with Article 94, the officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office of the Company may be filled by resolution of directors.

CONFLICT OF INTERESTS

98. No agreement or transaction between the Company and one or more of its directors or any person in which any director has a financial interest or to whom any director is related, including as a director of that other person, is void or voidable for this reason only or by reason only that the director is present at the meeting of directors or at the meeting of the committee of directors that approves the agreement or transaction or that the vote or consent of the director is counted for that purpose if the material facts of the interest of each director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other directors.

99. A director who has an interest in any particular business to be considered at a meeting of directors or members may be counted for purposes of determining whether the meeting is duly constituted and may vote in respect of any such business at the meeting.

INDEMNIFICATION

100. Subject to the limitations hereinafter provided and to all applicable laws, the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who

(a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or

(b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

101. The Company may only indemnify a person if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

102. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful, is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

103. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

104. If a person to be indemnified has been successful in defense of any proceedings referred to above the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

105. The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in these Articles.

SEAL

106. The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by resolution of directors. The directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the Registered Office. Except as otherwise expressly provided herein, the Seal, when affixed to any written instrument, shall be witnessed and attested to by the signature of a director or any other person so authorized from time to time by resolution of directors. Such authorization may be before or after the seal is affixed may be general or specific and may refer to any number of sealing. The Directors may provide for a facsimile of the Seal and of the signature of any director or authorized person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

DIVIDENDS

107. The holders of outstanding Preferred Shares shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (whether in cash, in property or in shares of the capital of the Company) on the Ordinary Shares or any other class or series of shares of the Company, at the rate of eight percent (8%) of the Preferred Share Issue Price per share (as adjusted for any subdivisions, consolidations, bonus issues, reclassifications and the like) per annum on each Series A Preferred Shares, payable in U.S. dollars and annually when, as and if declared by the Board. Such distributions shall be cumulative. Holders of the Preferred Shares shall also be entitled to receive any non-cash dividends declared by the Board on an as-converted basis. After payment of the dividends distributed to the holders of Series A Preferred Shares, any additional dividends or distributions shall be distributed to the holders of Class B Ordinary Shares, prior and in preference to any declaration or payment of any dividend (whether in cash, in property or in shares of the capital of the Company) on the Class A Ordinary Shares or any other class or series of shares of the Company, at the rate of eight percent (8%) of the Deemed Class B Share Issue Price per share (as adjusted for any subdivisions, consolidations, bonus issues, reclassifications and the like) per annum on each Class B Ordinary Share, payable in U.S. dollars and annually when, as and if declared by the Board. Such distributions shall be cumulative. Holders of the Class B Ordinary Shares shall also be entitled to receive any non-cash dividends declared by the Board on an as-converted basis. After payment of the dividends as set forth above, any additional dividends or distributions shall be distributed among all holders of Ordinary Shares and Preferred Shares in proportion to the number of Class A Ordinary Shares that would be held by each such holder if all Preferred Shares and Class B Ordinary Shares had been converted to Class A Ordinary Shares as of the record date fixed for determining those entitled to receive such distribution.

108. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the Company may by a resolution of directors declare and pay dividends in money, shares, or other property. In the event that dividends are paid in specie the directors shall have responsibility for establishing and recording in the resolution of directors authorizing the dividends, a fair and proper value for the assets to be so distributed.

109. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

110. The directors may, before declaring any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set apart as a reserve fund upon such securities as they may select.

111. Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Law.

112. Notice of any dividend that may have been declared shall be given to each member in manner hereinafter mentioned and all dividends unclaimed for 3 years after having been declared may be forfeited by resolution of the directors for the benefit of the Company.

113. No dividend shall bear interest as against the Company and no dividend shall be paid on shares held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the vote in electing directors.

114. The Board may resolve to capitalize any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

115. The Board may resolve to capitalize any sum for the time being standing to the credit of a reserve account or sums otherwise available for dividend or distribution by applying such amounts in paying up in full partly paid or nil paid shares of those Members who would have been entitled to such sums if they were distributed by way of dividend or distribution.

116. A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a dividend of shares.

ACCOUNTS AND AUDIT

117. The Company shall prepare an audited annual consolidated financial statements, an unaudited consolidated quarterly financial statements and unaudited consolidated monthly financial statements, each in accordance with the United States generally accepted accounting principles ("**US GAAP**") acceptable to the Investors, which shall be drawn up so as to give respectively a true and fair view of the profit or loss of the Company for the financial period and a true and fair view of the state of affairs of the Company as at the end of the financial period.

118. The accounts of the Company shall be examined at least annually by an accounting firm acceptable to the Investors starting from the fiscal year 2015.

119. The first auditors shall be appointed by resolution of directors, and subsequent auditors shall be appointed by an Ordinary Resolution in accordance with the Memorandum and these Articles.

120. The auditors may be members of the Company but no director or other officer shall be eligible to be an auditor of the Company during his continuance in office.

121. The remuneration of the auditors of the Company

(a) in the case of auditors appointed by the directors, may be fixed by resolution of directors;

(b) subject to the foregoing, shall be fixed by an Ordinary Resolution or in such manner as the Company may by an Ordinary Resolution determine.

122. The auditors shall examine each profit and loss account and balance sheet required to be served on every member of the Company or laid before a meeting of the members of the Company and shall state in a written report whether or not

(a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit or loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period, and

(b) all the information and explanations required by the auditors have been obtained.

123. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of members at which the accounts are laid before the Company or shall be served on the members.

124. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.

125. The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of members of the Company at which the Company's profit and loss account and balance sheet are to be presented.

NOTICES

126. Any notice, information or written statement to be given by the Company to Members may be served in the case of members holding registered shares in any way by which it can reasonably be expected to reach each member or by mail addressed to each member at the address shown in the share register.

127. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered office of the Company.

128. Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office of the Company or that it was mailed in such time as to admit to its being delivered to the registered office of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

129. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted.

(b) Where a notice is sent by cable, telex, or facsimile, service of the notice shall be deemed to be effected by properly addressing, and sending such notice and shall be deemed to have been received on the same day that it was transmitted.

(c) Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

VOLUNTARY WINDING UP AND DISSOLUTION

130. Subject to the provisions of the Memorandum, the Company may voluntarily commence to wind up and dissolve by a Special Resolution.

LIQUIDATION PREFERENCE

131A. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary:

(a) the holders of the Series A Preferred Shares shall be entitled to receive, prior to any distribution to the holders of the Ordinary Shares or any other class or series of shares then outstanding, an amount per Series A Preferred Share equal to (i) one hundred and fifty percent (150%) of the Preferred Share Issue Price, plus (ii) all declared but unpaid dividends thereon (collectively, the "Preferred Share Preference Amount"). If the Company has insufficient assets to permit payment of the Preferred Share Preference Amount in full to all holders of Series A Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series A Preferred Shares in proportion to the full Preferred Share Preference Amount each such holder of Series A Preferred Shares would otherwise be entitled to receive under this Article 131A.

(b) After the full Preferred Share Preference Amount on all outstanding Series A Preferred Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed to the holders of Class B Ordinary Shares, prior to the holders of the Class A Ordinary Shares or any other class or series of shares then outstanding, an amount per Class B Ordinary Share equal to (i) one hundred and fifty percent (150%) of the Deemed Class B Share Issue Price, plus (ii) all declared but unpaid dividends thereon (collectively, the "Class B Share Preference Amount", collectively with the Preferred Share Preference Amount, the "Preference Amount"). After the full Preferred Share Preference Amount has been paid, if the remaining assets are insufficient to permit payment of the Class B Share Preference Amount in full to all holders of Class B Ordinary Shares, then the remaining assets of the Company shall be distributed ratably to the holders of the Class B Ordinary Shares in proportion to the full Class B Share Preference Amount each such holder of Class B Ordinary Shares would otherwise be entitled to receive under this Article 131A.

(c) After the full Preference Amount on all outstanding Series A Preferred Shares and Class B Ordinary Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of the Preferred Shares (on an as-converted basis), together with the holders of the Ordinary Shares.

131B. Any sale of shares, merger, consolidation or other similar transaction involving the Company in which its shareholders do not retain a majority of the voting power in the surviving or resulting entity or a sale of all or substantially all the Company's assets (the "Liquidation Event", for avoidance of doubt, each transaction under the Acquisitions also referred herein as a Liquidation Event), shall be deemed a liquidation, dissolution or winding up of the Company, such that the provision of Article 131A shall apply as if all consideration received by the Company and its shareholders in connection with such event were being distributed in a liquidation of the Company. If the requirements of this Article 131 are not complied with, the Company shall forthwith either (i) cause such closing to be postponed until such time as the requirements of this Article 131 have been complied with, or (ii) cancel such transaction. For the purpose of this Article 131, the term "Company" means, the Company itself as well as any and all the subsidiaries of the Company (including but not limited to the other Group Companies), to the extent and where applicable.

131C. Notwithstanding any other provision of this Article 131, the Company may at any time, out of funds legally available therefor and subject to compliance with the provisions of the applicable laws of the Cayman Islands, repurchase the Class A Ordinary Shares of the Company issued to or held by employees, officers or consultants of the Company or its subsidiaries upon termination of their employment or services, pursuant to any bona fide agreement providing for such right of repurchase, whether or not dividends on the Preferred Shares and Class B Ordinary Shares shall have been declared.

131D. In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company, the value of the assets to be distributed to the holders of Preferred Shares and Ordinary Shares shall be that as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board, which decision shall include the affirmative vote from the Red Better Director. Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

(i) If traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;

(ii) If actively traded over the counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

(iii) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board.

The method of valuation of securities subject to restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board. The Majority Series A Holders and/or the Majority Class B Holders shall have the right to challenge any determination by the liquidator or the Board, as the case may be, of fair market value pursuant to this Article 131, in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the liquidator or the Board, as the case may be, and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging party.

CONTINUATION

132. The Company may by an Ordinary Resolution or by a resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the Cayman Islands in the manner provided under those laws.

CHANGES TO CONSTITUTION

133. The Company may from time to time, by Special Resolution, change the name of the Company, alter or add to the Memorandum or these Articles.

Exhibit 4.4

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "**Agreement**") is made and entered into as of July 21, 2015 by and among:

1. Viomi Technology Co., Ltd, an exempted company with limited liability organized and existing under the laws of the Cayman Islands (the "**Company**");

2. Viomi Limited, a company organized and existing under the laws of the British Virgin Islands (the "**BVI Co.**");

3. Viomi HK Technology Co., Limited (□□□□□□□□□□), a company organized and existing under the laws of Hong Kong (the "**HK Co.**");

4. Lequan Technology (Beijing) Co., Limited (□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC, as the wholly-owned subsidiary of the HK Co. (the "**WFOE**");

5. Foshan Yunmi Electrical Technology Co., Ltd. (□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC (the "**Foshan Affiliate"**);

6. Beijing Yunmi Science and Technology Co., Ltd. (□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC (the "**Beijing Affiliate**", collectively with the Foshan Affiliate, the "**PRC Affiliates**" and each a "**PRC Affiliate**");

7. Chen Xiaoping, a PRC citizen with his ID No. of 511024197503241038 (the "**Founder**");

8. Each of the entities as set forth in Schedule A attached hereto (collectively the "**Class B Investors**", and each a "**Class B Investor**"); and

9. Each of the entities as set forth in Schedule B attached hereto (collectively the "**Series A Investors**", and each a "**Series A Investor**", together with the Class B Investors, the "**Investors**" and each an "**Investor**").

The Company, the HK Co., the WFOE, the PRC Affiliates and each of their direct or indirect subsidiaries are referred to collectively herein as the "**Group Companies**", and each, a "**Group Company**". The WFOE, the PRC Affiliates and each of their direct or indirect subsidiaries are referred to collectively herein as the "**PRC Companies**", and each a "**PRC Company**". For the avoidance of doubt, Shunwei (as defined in Schedule A) will be deemed as a Class B Investor with respect to the Class B Ordinary Shares held by it, and will be deemed as a Series A Investor with respect to the Series A Preferred Shares held by it.

RECITALS

A. The Company, the BVI Co., the HK Co., the WFOE, the PRC Affiliates, the Founder, the Series A Investors and the Class B Investors have entered into a Shares Purchase Agreement dated July 9, 2015 (the "**Share Purchase Agreement**"), under which

the Company shall issue and allot certain number of series A convertible preferred shares, par value US$0.0001 per share (the "**Series A Preferred Shares**") to the Series A Investors and certain number of class B ordinary shares, par value US$0.0001 per share (the "**Class B Ordinary Shares**") to the Class B Investors.

B. In connection with the consummation of the transactions contemplated by the Share Purchase Agreement, the parties hereto desire to enter into this Agreement and the Ancillary Agreements (as defined in the Share Purchase Agreement) for the governance, management and operations of the Group Companies and for the rights and obligations between and among the shareholders and the Company.

C. The Share Purchase Agreement provides that the execution and delivery of this Agreement by the parties shall be a condition precedent to the consummation of the transactions contemplated under the Share Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. INFORMATION RIGHTS; BOARD REPRESENTATION.

1.1. Information and Inspection Rights.

(a) Information Rights. Each of the Group Companies covenants and agrees that, commencing on the date of this Agreement, for so long as any Investor holds any shares of the Company, the each Group Company shall deliver to such Investor:

(i) audited annual consolidated financial statements, within ninety (90) days after the end of each fiscal year, prepared in conformance with the United States generally accepted accounting principles (the "**US GAAP**") throughout the period and audited by an accounting firm acceptable to the Investors;

(ii) unaudited quarterly consolidated financial statements, within forty five (45) days after the end of each quarter prepared in conformance with US GAAP or the PRC generally accepted accounting principles (the "**PRC GAAP**");

(iii) an annual capital expenditure and operations budget of the Group Companies for each fiscal year (the "**Budget**"), as approved in accordance with Article 41 of the Restated Articles, within forty five (45) days before the end of each fiscal year;

(iv) copies of all Company documents or other Company information sent to any shareholder;

(v) upon the written request by any Investor, such other information as such Investor shall reasonably request from time to time (the above rights, collectively, the "**Information Rights**").

All financial statements to be provided to such Investor pursuant to this Section 1.1(a) shall include an income statement, a balance sheet and a cash flow statement for the relevant period as well as for the fiscal year to-date and shall be prepared in

conformance with the US GAAP. Notwithstanding the annual audit specified in this Section 1.1(a)(i), for so long as an Investor holds no less than one percent (1%) of the outstanding share capital of the Company (on a fully diluted and as converted basis), such Investor shall have the right to appoint an accounting firm at its sole discretion and at its own expenses to audit the financial statements of any of the Group Companies. Each of the Group Companies shall give a written notice to the Investors immediately if there is any event that may have a material adverse effect or cause any significant obligation to any of the Group Companies.

(b) Inspection Rights. Each of the Group Companies further covenants and agrees that, commencing on the date of this Agreement, for so long as any Investor holds no less than one percent (1%) of the total issued share capital of the Company (on a fully diluted and as converted basis), each Investor shall, at such Investor's expense, during normal business hours following reasonable and prior notice to the Company, have (i) the right to inspect facilities, financial records, books and bank accounts of the Group Companies, and (ii) the right to discuss the business, operations and conditions of the Group Companies with their respective directors, officers, employees, accountants, legal counsel and investment bankers (the "**Inspection Rights**"); provided, however, that the Company and any other Group Company shall not be obligated pursuant to this Section 1.1(b) to provide access to any information which it reasonably considers to be a trade secret or similar confidential information based on opinion of its counsel, or would adversely affect the attorney-client privilege between the Company or any other Group Company and its counsel.

(c) Qualified Initial Public Offering. The Group Companies and Founder undertake to the Investors to use their best effort to achieve a firm commitment underwritten registered public offering of the shares of the Company (which shall be subject to the prior written consent of the Investors) in the United States, that has been registered under the United States Securities Act of 1933, as amended from time to time, including any successor statutes, Hong Kong or Mainland China, with net proceeds to the Company in excess of US$200,000,000 (net of underwriters' discounts and commissions) and an implied valuation of the Company prior to such offering of at least US$800,000,000, or in a similar public offering or listing alternative in another jurisdiction on a recognized regional or national securities exchange acceptable to the Series A Investors holding more than sixty-seven percent (67%) of the Series A Preferred Shares of the Company (the "**Series A Majority**") and the Class B Investors holding more than sixty-seven percent (67%) of the Class B Ordinary Shares of the Company (the "**Class B Majority**", together with the Series A Majority, collectively as the "**Majority Holders**"); provided that such offering satisfies the foregoing net proceeds and valuation requirements (the "**Qualified Initial Public Offering**"), before December 31, 2020. The terms and conditions of the Qualified Initial Public Offering and the identity of the manager/arranger of the Qualified Initial Public Offering shall be subject to the prior written consent of the Series A Majority and the Class B Majority. Each of the Group Companies and the Founder jointly and severally undertakes that the Group Companies and the Founder shall take all steps consistent with the requirements of applicable laws and regulations to minimize the lock-up of the Investors in the event of a Qualified Initial Public Offering.

(d) Termination of Rights. The Information Rights and Inspection Rights shall terminate upon consummation of the Qualified Initial Public Offering.

1.2. Board of Directors. The Amended and Restated Memorandum and Articles of Association of the Company (the "**Restated Articles**") shall

provide that the Board of Directors of the Company (the "**Board**") shall consist of three (3) members, which number of members shall not be changed except pursuant to an amendment to the Restated Articles. Effective from the date hereof,

(i) Red Better (as defined in Schedule A) shall be entitled to appoint and remove one (1) director (the "**Red Better Director**") and shall also be entitled to remove any director occupying such position and to fill any vacancy caused by the resignation, death or renewal of any director occupying such position; and

(ii) the BVI Co. shall be entitled to appoint and remove two (2) directors (the "**Ordinary Directors**") and shall also be entitled to remove any director occupying such position and to fill any vacancy caused by the resignation, death or renewal of any director occupying such position).

A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than two (2) directors (including the Red Better Director), provided, however, that if such quorum cannot be obtained for a Board meeting after two (2) consecutive notices of Board meetings have been sent by the Company with the first notice providing not less than ten (10) days of prior notice and the second notice providing not less than seven (7) days of prior notice, then the attendance of any director shall constitute a quorum. The Company shall reimburse the directors for all reasonable out-of-pocket expenses incurred in connection with attending any meetings of the Board and any committee thereof.

Each of Sequoia and Shunwei is entitled to appoint and remove one (1) Investor Observer to attend all meetings of the Board of the Company and the board of any other Group Company and all committees thereof (whether in person, by telephone or other means) in a non-voting observer capacity (the "**Investor Observers**"). The Investor Observers shall be entitled to receive notices, minutes, and all other materials in relation to the meetings that each of the Group Companies provide to other members of the board of directors or committees, provided, however, that each of the Investor Observers shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided. For the avoidance of doubt, the Group Company shall not be obligated to provide the Investor Observers access to any information, as reasonably determined by the majority of the Board, which shall be a trade secret or the disclosure of which would otherwise constitute a conflict of interests.

1.3. The Board of the HK Co., the WFOE and the PRC Affiliates. Each of the HK Co., the WFOE and the PRC Affiliates and any other affiliates of the Company shall mirror the Board of the Company. The Investors shall be entitled to appoint the same number of observers to each of the board of the other Group Companies as it is entitled to appoint to the Board of the Company.

The term "**Affiliate**" in this Agreement means, with respect to any individual, corporation, partnership, association, trust, or any other entity (in each case, a "**Person**"), any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person, including, without limitation any member, general partner, officer or director of such Person and any venture capital fund now or hereafter existing which is controlled by or under common control with one or more general partners or shares the same management company with such Person.

2. REGISTRATION RIGHTS.

2.1. Applicability of Rights. The Holders (as defined below) shall be entitled to the following rights with respect to any proposed public offering of the Company's Class A Ordinary Shares (as defined in the Restated Articles) in the United States and shall be entitled to reasonably equivalent or analogous rights with respect to any other offering of the Company's securities in Hong Kong or any other jurisdiction in which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

2.2. Definitions. For purposes of this Section 2:

(a) Registration. The terms "**register**," "**registered**," and "**registration**" refer to a registration effected by filing a registration statement which is in a form which complies with, and is declared effective by the SEC (as defined below) in accordance with, the Securities Act.

(b) Registrable Securities. The term "**Registrable Securities**" means: (1) any Class A Ordinary Shares of the Company issued or issuable pursuant to conversion of any shares of Class B Ordinary Shares and/or Preferred Shares issued (A) under the Share Purchase Agreement, or (B) pursuant to the Right of Participation (defined in Section 3.1), (2) any Class A Ordinary Shares issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, or in exchange for or in replacement of, any Class B Ordinary Shares and/or Preferred Shares described in clause (1) of this subsection (b), (3) any other Class A Ordinary Shares of the Company owned or hereafter acquired by the holders of Class B Ordinary Shares and/or Preferred Shares. Notwithstanding the foregoing, "**Registrable Securities**" shall exclude any Registrable Securities sold by a person in a transaction in which rights under this Section 2 are not validly assigned in accordance with this Agreement, and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction.

(c) Registrable Securities Then Outstanding. The number of shares of "**Registrable Securities then Outstanding**" shall mean the number of Class A Ordinary Shares of the Company that are Registrable Securities and are then issued and outstanding, issuable upon conversion of Class B Ordinary Shares and/or Preferred Shares then issued and outstanding, or issuable upon conversion or exercise of any warrant, right or other security then outstanding.

(d) Holder. For purposes of this Section 2, the term "**Holder**" means any person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Section 2 have been duly assigned in accordance with this Agreement.

(e) Form F-3. The term "**Form F-3**" means such respective form under the Securities Act or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) SEC. The term "**SEC**" or "**Commission**" means the U.S. Securities and Exchange Commission.

(g) Registration Expenses. The term "**Registration Expenses**" shall mean all expenses incurred by the Company in complying with Sections 2.3, 2.4 and 2.5 hereof, including, without limitation, all registration and filing fees, printing expenses, fees, and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for all the Holders, "blue sky" fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(h) Selling Expenses. The term "**Selling Expenses**" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to Sections 2.3, 2.4 and 2.5 hereof.

(i) Exchange Act. The term "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and any successor statute.

2.3. Demand Registration.

(a) Request by Holders. If the Company shall, at any time after the earlier of (i) six (6) years after Closing or (ii) one (1) year following the taking effect of a registration statement for a Qualified Initial Public Offering, receive a written request from the Holders of at least twenty-five percent (25%) of the Registrable Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of at least twenty percent (20%) (or any lesser percentage if the anticipated gross proceeds to the Company from such proposed offering would exceed US$5,000,000) of the Registrable Securities pursuant to this Section 2.3, then the Company shall, within ten (10) business days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the

Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a). The Company shall be obligated to effect no more than two (2) Registrations pursuant to this Section 2.3. For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States as designated by such Holders, it being understood and agreed that in each such case all references in this Agreement to the Securities Act, the Exchange Act and rules, forms of registration statements and registration of securities thereunder, U.S. law and the SEC, shall be deemed to refer, to the equivalent statutes, rules, forms of registration statements, registration of securities and laws of and equivalent government authority in the applicable non-U.S. jurisdiction. In addition, "Form F-3" shall be deemed to refer to Form S-3 or any comparable form under the U.S. securities laws in the condition that the Company is not at that time eligible to use Form F-3.

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company or any subsidiary of the Company; provided further, that at least twenty percent (20%) (or any lesser percentage if the anticipated gross proceeds to the Company from such proposed offering would exceed $5,000,000) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided further, that the Company shall not register any other of its shares during such twelve (12) month period. A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

2.4. Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any employee benefit plan or a corporate reorganization), and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. No Holder of Registrable Securities shall be granted piggyback registration rights superior to those of the Holders of Class B Ordinary Shares and the Preferred Shares without the consent in writing of the Majority Holders.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement but subject to Section 2.12, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below twenty-five percent (25%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded

from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

2.5. Form F-3. In case the Company shall receive from any Holder a written request or requests that the Company effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(i) if Form F-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US$500,000;

(iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of the Company, it would be materially detrimental to the Company and its shareholders for such Form F-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.5; provided that the Company shall not register any of its other shares during such sixty (60) day period;

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 2.3(b) and 2.4 (a); or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

Subject to the foregoing, the Company shall file a Form F-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders.

(c) Not Demand Registration. Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

2.6. Expenses. All Registration Expenses incurred in connection with any registration pursuant to Sections 2.3, 2.4 or 2.5 (but excluding Selling Expenses, underwriting discounts and commissions, and fees for special counsel of the Holders participating in such registration) shall be borne by the Company; provided, however, the expenses of any special audit required in connection with a Demand Registration shall be borne pro rata by the Holders participating in such registration. Each Holder participating in a registration pursuant to Sections 2.3, 2.4 or 2.5 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.3; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 2.3.

2.7. Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling

any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or

delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is

customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

2.8. Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

2.9. Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 or 2.5:

(a) By the Company. To the extent permitted by law and the Restated Articles, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act, or other United States federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any United States federal or state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any United States federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling person for any legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor

shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, legal counsel, underwriter or controlling person of such Holder.

(b) By Selling Holders. To the extent permitted by law, each selling Holder will, if Registrable Securities held by Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors, officers, legal counsel or any person who controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, legal counsel, controlling person, underwriter or other such Holder, partner or director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided, further, that in no event shall any indemnity under this Section 2.9(b) exceed the net proceeds received by such Holder in the registered offering out of which the applicable Violation arises.

(c) Notice. Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 2.9 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that

such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 2.9; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.10. No Registration Rights to Third Parties. Without the prior written consent of the Majority Holder then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders of Registrable Securities.

2.11. Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, after such time as a public market exists for the Class A Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective

date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

2.12. Market Stand-Off. Each party agrees that, so long as it holds any voting securities of the Company, upon request by the Company or the underwriters managing the initial public offering of the Company's securities, it will not sell or otherwise transfer or dispose of any securities of the Company (other than those permitted to be included in the registration and other transfers to affiliates permitted by law) without the prior written consent of the Company or such underwriters, as the case may be, for a period of time specified by the representative of the underwriters not to exceed 180 days from the effective date of the registration statement covering such initial public offering or the pricing date of such offering as may be requested by the underwriters. The Company shall use commercially reasonable efforts to take all steps to shorten such lock-up period. The foregoing provision of this Section 2.12 shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement, and shall only be applicable to the Holders if all other shareholders of the Company enter into similar agreements, and if the Company or any underwriter releases any other shareholder from his, her or its sale restrictions so undertaken, then each Holder shall be notified prior to such release and shall itself be simultaneously released to the same proportional extent. The Company shall require all future acquirers of the Company's securities to execute prior to a Qualified Initial Public Offering a market stand-off agreement containing substantially similar provisions as those contained in this Section 2.12.

2.13. Termination of the Company's Obligations. The Company's obligations under Sections 2.3, 2.4 and 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Section 2.3, 2.4 or 2.5 shall terminate (i) on the fifth (5th) anniversary of the Qualified Initial Public Offering, (ii) upon the termination, liquidation, dissolution of the Company and Liquidation Event (as defined below) or (iii) if and when in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

3. RIGHT OF PARTICIPATION.

3.1. General. The Company shall not issue any New Securities without the prior written approval of the Class B Majority and the Series A Majority at the time of such issuance. Any holders of Preferred Shares (as defined in Restated Articles) and/or Class B Ordinary Shares and their assignees to which rights under this Section 3 have been duly assigned in accordance with Section 8 (hereinafter referred to as a "**Participation Rights Holder**") shall have the preemptive right to purchase such Participation Rights Holder's Pro Rata Share (as defined below), of all (or any part) of any New Securities (as defined in Section 3.3) that the Company may from time to time issue after the date of this Agreement (the "**Right of Participation**").

3.2. Pro Rata Share. A Participation Rights Holder's "**Pro Rata Share**" for purposes of the Right of Participation is equal to the product obtained by multiplying (x) the aggregate number of the New Securities to be issued by the Company by (y) a fraction, the numerator of which is the number of Class A Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder at the time of such issuance and the denominator of which is the total number of Class A Ordinary Shares (calculated on a fully-diluted and as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Right of Participation. For the purpose of this Agreement, "**fully-diluted**" means, with respect to the capitalization of the Company, all warrants, options and convertible securities of the Company are taken into account and assumed to be exercised.

3.3. New Securities. "**New Securities**" shall mean any Preferred Shares, Ordinary Shares (as defined in the Restated Articles) or other voting shares of the Company and rights, options or warrants to purchase such Preferred Shares, Ordinary Shares and securities of any type whatsoever that are, or may become, convertible or exchangeable into such Preferred Shares, Ordinary Shares or other voting shares, provided, however, that the term "New Securities" shall not include:

(a) any Class A Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, contractors, advisors or consultants of the Company pursuant to the Company's employee share option plans approved in accordance with the Transaction Documents (as defined in the Share Purchase Agreement);

(b) any Preferred Shares issued under the Share Purchase Agreement, as such agreement may be amended and any Class A Ordinary Shares issued pursuant to the conversion of any Preferred Shares and Class B Ordinary Shares;

(c) any securities issued in connection with any share split, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;

(d) any securities issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constituted a New Security prior to the issuance of the Preferred Shares; or

(e) any securities issued pursuant to a Qualified Initial Public Offering.

3.4. Procedures.

(a) First Participation Notice. In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Participation Rights Holder written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have thirty (30) business days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such thirty (30) business day period to purchase such Participation Rights Holder's full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase.

(b) Second Participation Notice; Oversubscription. If any Participation Rights Holder fails or declines to exercise its Right of Participation in accordance with subsection (a) above, the Company shall promptly give notice (the "**Second Participation Notice**") to other Participation Rights Holders who exercised their Right of Participation (the "**Right Participants**") in accordance with subsection (a) above. Each Right Participant, other than a Participation Rights Holder who fails or declines to exercise its Right of Participation in accordance with subsection (a) above, shall have five (5) business days from the date of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the "**Additional Number**"). Such notice may be made by telephone if confirmed in writing within two (2) business days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Class A Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Class A Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by all the oversubscribing Right Participants. Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 3.4 and the Company shall so notify the Right Participants within fifteen (15) business days following the date of the Second Participation Notice.

3.5. Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Participation Rights Holder exercises the Right of Participation within thirty (30) days following the issuance of the First Participation Notice, the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder were not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. In the

event that the Company has not issued and sold such New Securities within such ninety (90) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Participation Rights Holders pursuant to this Section 3.

3.6. Termination. The Right of Participation for each Participation Rights Holder shall terminate upon a Qualified Initial Public Offering or a Liquidation Event (as defined in Section 7).

4. TRANSFER RESTRICTIONS.

4.1. Right of First Refusal. In accordance with all the provisions of this Section 4:

(a) each holder of Series A Preferred Shares and Class B Ordinary Shares (the "**Non-Selling Shareholders I**") shall have the right of first refusal to purchase its First Refusal Allotment (as defined below), of all or any part of any shares that any holder of Class A Ordinary Shares (the "**Class A Selling Shareholders**") may transfer from time to time after the date of this Agreement;

(b) each Investor (the "**Non-Selling Shareholders II**") shall have the right of first refusal to purchase its First Refusal Allotment, of all or any part of any shares that the BVI Co. and/or the Founder (the "**Founder Selling Shareholder**") may transfer from time to time after the date of this Agreement; and

(c) the BVI Co. (the "**Non-Selling Shareholder III**", together with the Non-Selling Shareholders I and the Non-Selling Shareholders II, the "**Non-Selling Shareholders**") shall have the right of first refusal to purchase its First Refusal Allotment, of all or any part of any Class B Ordinary Shares and/or any Series A Preferred Shares that any Investor (the "**Investor Selling Shareholders**", together with the Class A Selling Shareholders and Founder Selling Shareholder, the "**Selling Shareholders**") may transfer from time to time after the date of this Agreement.

4.2. Sale of Shares; Notice of Sale. In accordance with Section 4.1 and subject to Section 4.6 of this Agreement, if any Selling Shareholder proposes to sell or transfer any applicable shares (the "**Offered Shares**") held by it, then such Selling Shareholder shall promptly give written notice (the "**Transfer Notice**") to the Company and each of the applicable Non-Selling Shareholders as set forth in the Section 4.1 within fifteen (15) business days prior to such sale or transfer. The Transfer Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of the Offered Shares to be sold or transferred, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

4.3. Exercise of Right of First Refusal. In accordance with Section 4.1 of this Agreement, each applicable Non-Selling Shareholder shall have an option for a period of ten (10) business days from receipt of the Transfer Notice issued by such relevant Selling Shareholder (the "**Non-Selling Shareholder's First Refusal Period**") to elect to purchase the Offered Shares at the same price and subject to the same terms and conditions as described in the Transfer Notice. The applicable Non-Selling Shareholders may exercise such purchase option and purchase all or any portion of the Offered Shares by notifying such

relevant Selling Shareholder in writing before expiration of such Non-Selling Shareholder's First Refusal Period as to the number of shares that it wishes to purchase. Each applicable Non-Selling Shareholder will have the right, by delivery of written notice (the "**Non-Selling Shareholder's First Refusal Notice**") to such relevant Selling Shareholder, the Company and each other applicable Non-Selling Shareholder (if any) within the Non-Selling Shareholder's First Refusal Period of its election to exercise its right of first refusal hereunder. The Non-Selling Shareholder's First Refusal Notice shall set forth the number of Offered Shares that such applicable Non-Selling Shareholder wishes to purchase, which amount shall not exceed the First Refusal Allotment (as defined below) of such Non-Selling Shareholder. Such right of first refusal shall be exercised as follows:

(a) First Refusal Allotment. Each applicable Non-Selling Shareholder shall have the right to purchase that number of the Offered Shares (the "**First Refusal Allotment**") equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Class A Ordinary Shares (on an as-converted basis) held by such applicable Non-Selling Shareholder at the time of the transaction and the denominator of which is the total number of Class A Ordinary Shares (on an as-converted basis) owned by all applicable Non-Selling Shareholders at the time of the transaction who elect to participate in the right of first refusal purchase. An applicable Non-Selling Shareholder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the Non-Selling Shareholder's First Refusal Period to purchase up to all of its First Refusal Allotment of the Offered Shares. To the extent that any applicable Non-Selling Shareholder does not exercise its right of first refusal to the full extent of its First Refusal Allotment, the relevant Selling Shareholder and the exercising Non-Selling Shareholders (if any) shall, at the exercising Non-Selling Shareholders' sole discretion, within five (5) days after the end of the Non-Selling Shareholder's First Refusal Period, make such adjustment to the First Refusal Allotment of each exercising Non-Selling Shareholder so that any additional Offered Shares may be allocated to those Non-Selling Shareholders exercising their rights of first refusal on a pro rata basis.

(b) Purchase Price and Payment. The purchase price for the Offered Shares to be purchased by the applicable Non-Selling Shareholders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board (including the Red Better Director) in good faith, which determination will be binding upon the Company, the relevant Selling Shareholder and the applicable Non-Selling Shareholders, absent fraud or error. Payment of the purchase price for the Offered Shares purchased by the Non-Selling Shareholders shall be made within ten (10) days following the date of the First Refusal Expiration Notice (as defined in the Section 4.4(c) below) by wire transfer or check as directed by the Selling Shareholder.

(c) Expiration Notice. Within fifteen (15) business days after the expiration of the Non-Selling Shareholder's First Refusal Period, the Company will give written notice (the "**First Refusal Expiration Notice**") to the relevant Selling Shareholder and the applicable Non-Selling Shareholders specifying either (i) that all of the Offered Shares were subscribed by the applicable Non-Selling Shareholders exercising their rights of first refusal, or (ii) that the applicable Non-Selling Shareholders have not subscribed for all of the Offered Shares in which case the First Refusal Expiration Notice will specify the Co-Sale

Pro Rata Portion (as defined below) of the remaining Offered Shares for the purpose of the co-sale right of the applicable Non-Selling Shareholders (if any) who have not exercised its right of first refusal with respect to any or all of the Offered Shares .

(d) Rights of a Selling Shareholder. If any applicable Non-Selling Shareholder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by the applicable Non-Selling Shareholder, the relevant Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such applicable Non-Selling Shareholder in accordance with the terms of this Agreement, and the relevant Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be transferred to such applicable Non-Selling Shareholder.

4.4. Exercise of Co-Sale Right. In the event that any Investor has not exercised its right of first refusal with respect to any or all of the relevant Offered Shares to which such Investor is entitled to exercise such right of first refusal (the "**Co-Sale Rights Holders**"), then the remaining Offered Shares not subscribed for under the right of first refusal pursuant to Section 4.1, 4.2 and 4.3 above shall be subject to co-sale rights under this Section 4.4 and each Co-Sale Rights Holder shall have the right, exercisable upon written notice to the relevant Selling Shareholder, the Company and each other Co-Sale Rights Holders (the "**Co-Sale Notice**") within ten (10) business days after receipt of First Refusal Expiration Notice (the "**Co-Sale Right Period**"), to participate in such sale of the Offered Shares on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice shall set forth the number of Class A Ordinary Shares (on both an absolute and as-converted to Class A Ordinary Shares basis) that such Co-Sale Rights Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion (as defined below) of such Co-Sale Rights Holder. To the extent one or more of the Co-Sale Rights Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of shares that such relevant Selling Shareholder may sell in the transaction shall be correspondingly reduced. The co-sale right of each Co-Sale Rights Holder shall be subject to the following terms and conditions:

(a) Co-Sale Pro Rata Portion. Each Co-Sale Rights Holder may sell all or any part of that number of Class A Ordinary Shares (on both an absolute and as-converted to Class A Ordinary Shares basis) held by it that is equal to the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right hereunder by (y) a fraction, the numerator of which is the number of Class A Ordinary Shares (on both an absolute and as-converted to Class A Ordinary Shares basis) owned by such Co-Sale Rights Holder at the time of the sale or transfer and the denominator of which is the combined number of Class A Ordinary Shares (on both an absolute and as-converted to Class A Ordinary Shares basis) at the time owned by all Co-Sale Rights Holders and the relevant Selling Shareholder ("**Co-Sale Pro Rata Portion**").

(b) Transferred Shares. Each participating Co-Sale Rights Holder shall effect its participation in the sale by promptly delivering to the relevant Selling Shareholder for transfer to the prospective purchaser an instrument of transfer and one or more certificates, properly endorsed for transfer, which represent:

(i) the number of Class A Ordinary Shares (on an absolute and as-converted basis) which such Co-Sale Rights Holder elects to sell;

(ii) that number of Preferred Shares or Class B Ordinary Shares which is at such time convertible into the number of Class A Ordinary Shares that such Co-Sale Rights Holder elects to sell; provided in such case that, if the prospective purchaser objects to the allotment of Class B Ordinary Shares or Preferred Shares in lieu of Class A Ordinary Shares, such Co-Sale Rights Holder shall convert such Class B Ordinary Shares or Preferred Shares into Class A Ordinary Shares and deliver Class A Ordinary Shares as provided in Subsection 4.4(b)(i) above. The Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser; or

(iii) a combination of the above.

(c) Payment to Co-Sale Rights Holders. The share certificate or certificates that the participating Co-Sale Rights Holder delivers to the relevant Selling Shareholder pursuant to Section 4.4(b) shall be transferred to the prospective purchaser and the register of members shall be updated in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the relevant Selling Shareholder shall concurrently therewith remit to such Co-Sale Rights Holder that portion of the sale proceeds to which such Co-Sale Rights Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any shares or other securities from a Co-Sale Rights Holder exercising its co-sale right hereunder, the relevant Selling Shareholder shall not sell to such prospective purchaser or purchasers any shares unless and until, simultaneously with such sale, the relevant Selling Shareholder shall purchase such shares or other securities from such Co-Sale Rights Holder.

(d) Right to Transfer. To the extent the applicable Non-Selling Shareholders do not elect to purchase, or the Co-Sale Rights Holders do not to participate in the sale of, any or all of the Offered Shares subject to the Transfer Notice, the relevant Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each of the applicable Non-Selling Shareholders of the Transfer Notice, conclude a transfer of the Offered Shares covered by the Transfer Notice and not elected to be purchased by the applicable Non-Selling Shareholders, which in each case shall be on substantially the same terms and conditions as those described in the Transfer Notice. Any proposed transfer on terms and conditions which are more favorable from those described in the Transfer Notice, as well as any subsequent proposed transfer of any shares by the relevant Selling Shareholder, shall again be subject to the right of first refusal of the applicable Non-Selling Shareholders and the co-sale right of the Co-Sale Rights Holders and shall require compliance by the relevant Selling Shareholder with the procedures described in Sections 4.1, 4.2, 4.3 and 4.4 of this Agreement.

4.5. Permitted Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal of the applicable Non-Selling Shareholders and co-sale rights of the Co-Sale Rights Holders as set forth in the Section 4.1, 4.2, 4.3 and 4.4 above shall not apply to (a) any sale or transfer of Ordinary Shares to the Company pursuant to a repurchase right held by the Company in the event of a termination of employment or consulting relationship, (b) any transfer of shares to trusts for the benefit of such persons for bona fide estate planning purposes, (c) any transfer of shares held by any Founder Selling Shareholder and Class A Selling Shareholder to its spouse, children or other family members for bona fide estate planning purposes, or (d) any transfer of Class A

Ordinary Shares held by the BVI Co. to the Opitionees (as defined in the Share Purchase Agreement) (each transferee pursuant to the foregoing subsections (a) to (d) is hereafter referred as a "**Permitted Transferee**"); provided that (i) adequate documentation therefor is provided to the applicable Non-Selling Shareholders to their satisfaction, (ii) any such transfer or distribution to a Permitted Transferee shall comply with applicable law and regulations, including without limitation any requirement for the transferee to make any required filings with the State Administration of Foreign Exchange; and (iii) that any such Permitted Transferee agrees in writing to be bound by this Agreement in place of the relevant transferor.

4.6. Prohibited Transfers.

(a) Except for (i) any transfer by the Founder, the BVI Co. or any holder of Class A Ordinary Shares to its Permitted Transferees as provided in Section 4.5 above, , or (ii) any transfers for execution of the ESOP (as defined in Section 11.1 below) which has been approved by the Board (including approval of the Red Better Director) none of the Founder, the BVI Co. or the holders of Class A Ordinary Shares or their Permitted Transferees shall, without the prior written consent of the Majority Holders or their permitted assigns, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Company securities held by it/him to any person on or prior to a Qualified Initial Public Offering.

(b) Notwithstanding anything to the contrary contained herein, each Investor shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any direct or indirect interest in any Company securities held by it to a Direct Competitor of the Company without prior written consent by the majority of the Board. For purposes of this Agreement, a "**Direct Competitor**" means any company who is mainly engaged in the business of water purification equipment.

(c) Any attempt by a party to sell or transfer shares in violation of this Section 4.6 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such shares without the written consent of the Majority Holders or their permitted assigns.

4.7. The shareholders specifically agree that the restrictions with regard to the transfer of the BVI Co.'s shares in the Company as described under this Section 4 shall apply equally to transfer of the Founder's shares of the BVI Co., as if each of the provisions under this Section 4 has been repeated under this Section 4.7 with regard to transfer of the shares of the BVI Co. except that the reference to the shares in the Company has been revised to refer to the shares in the BVI Co..

4.8. Restriction on Indirect Transfers. Except for transfers by a holder of shares in the BVI Co. to its Permitted Transferees as provided in Section 4.5 above, without the prior written approval of the Majority Holders:

(a) (i) the shareholder of the BVI Co. shall not, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held, directly or indirectly, by him in the BVI Co. to any person; and (ii) the BVI Co. shall not, and the shareholder of the BVI Co. shall not cause the BVI Co. to, issue to any person any equity securities of the BVI Co. or any

options or warrants for, or any other securities exchangeable for or convertible into, such equity securities of the BVI Co..

(b) the shareholder of the BVI Co. and the BVI Co. shall not, or shall not cause or permit any other person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held or controlled by him or the BVI Co. respectively in the Company to any person. Any transfer in violation of this Section 4.8 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such equity interest.

(c) Except in compliance with this Agreement, each Group Company shall not, and the Founder shall not (i) sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held, directly or indirectly, by it and/or him in the Group Companies to any person; and (ii) cause any Group Company to, issue to any person any equity securities of such Group Company, or any options or warrants for, or any other securities exchangeable for or convertible into, such equity securities of such Group Company.

4.9. Guarantees by the Indirect Shareholders. The shareholders of the BVI Co. hereby jointly and severally guarantee and warrant the performance and obligations of the BVI Co. under this Agreement.

4.10. Legend.

(a) Each certificate representing the Ordinary Shares shall be endorsed with the following legend:

"THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY."

(b) Each party agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 4.10(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Section 4.

4.11. Term. The provisions under this Section 4 shall terminate upon the earlier to occur of (i) a Qualified Initial Public Offering, or (ii) a Liquidation Event as defined in Section 7 below.

5. DRAG-ALONG RIGHT.

5.1. If at any time after the third anniversary of the Closing Date (as defined in the Share Purchase Agreement), the Majority Holders approve a proposed Acquisition (as defined below), then, in any such event, upon written notice from such

Majority Holders requesting them to do so, all existing shareholders (including the Founder and any holder of Class A Ordinary Shares), directly and indirectly, shall (i) vote, or give their written consent with respect to, all the shares directly or indirectly held by them in favor of such proposed Acquisition and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Acquisition; (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Acquisition; and (iii) take all actions reasonably necessary to consummate the proposed Acquisition, including without limitation amending the then existing Memorandum and Articles of Association of the Company; provided, however, the existing shareholders may elect not to vote or give their consent with respect to, all the shares directly or indirectly held by them in favor of such proposed Acquisition, but in any such event, the existing shareholders who elect not to vote in favor of such proposed Acquisition, shall be obliged to purchase all the Class A Ordinary Shares (on an as-converted basis) held by all the other holders of the shares of the Company, under the same terms and conditions as offered by the prospective purchaser of the proposed Acquisition.

5.2. For purposes of this Section 5, an "**Acquisition**" shall mean (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company; or (iv) a merger, consolidation or other business combination of the Company with or into any other business entity in which the shareholders of the Company immediately after such merger, consolidation or business combination hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.

5.3. Term. The provisions under this Section 5 shall be terminated upon the occurrence of a Qualified Initial Public Offering.

6. REDEMPTION.

6.1. Redemption by the Company. Notwithstanding anything to the contrary herein, at any time after the earlier of (i) the fifth anniversary of the Closing Date (if the company has not consummated a Qualified Initial Public Offering), or (ii) any material breach by the Founder or the Group Companies, of any representatives, warranties or covenants of the Transaction Documents (the "**Redemption Start Date**"), then subject to the applicable laws and, if so requested by any Investor (collectively, the "**Redemption Shareholders**"), the Company and/or the Founder shall redeem all or part of the outstanding Series A Preferred Shares and/or Class B Ordinary Shares held by such Investor (collectively, the "**Redeemable Shares**") in cash out of funds legally available therefor (the "**Redemption**"). The price at which each Redeemable Share shall be redeemed (the "**Redemption Price**") shall be equal to as below:

IP X $(106\%)^{N}$ + D, where

IP = applicable Share Issue Price (as defined in Section 7.1 below) for the applicable Redeemable Shares;

N = a fraction the numerator of which is the number of calendar days between date the Redemption Shareholders acquired their applicable Redeemable Shares and the relevant Redemption Date on which such Redeemable Share is redeemed and the denominator of which is 365;

D = all declared but unpaid dividends on each Redeemable Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

Notwithstanding anything to the contrary, to the extent both Series A Preferred Shares and Class B Ordinary Shares held by any Redemption Shareholders are to be redeemed at the same time, then:

(x) no Class B Ordinary Shares of the Company shall be redeemed unless and until the Company shall have redeemed all of the Series A Preferred Shares requested to be redeemed pursuant to this Section 6.1 and shall have paid all the applicable Redemption Price for such Series A Preferred Shares requested to be redeemed payable pursuant to this Section 6.1; if on the Redemption Date, the Company does not have sufficient cash or funds legally available to redeem all of the Series A Preferred Shares required to be redeemed, then the number of Series A Preferred Shares then redeemed shall be based ratably on all Series A Preferred Shares to be redeemed, and the remainder shall be carried forward and redeemed as soon as the Company has legally available funds to do so; and

(y) after payment of the applicable Redemption Price in full on all Series A Preferred Shares to be redeemed, no other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Class B Ordinary Shares requested to be redeemed pursuant to this Section 6.1 and shall have paid all the applicable Redemption Price for such Class B Ordinary Shares requested to be redeemed payable pursuant to this Section; if after the redemption of the Series A Preferred Shares, the Company does not have sufficient cash or funds legally available to redeem all of the Class B Ordinary Shares required to be redeemed, then the number of Class B Ordinary Shares then redeemed shall be based ratably on all Class B Ordinary Shares to be redeemed, and the remainder shall be carried forward and redeemed as soon as the Company has legally available funds to do so.

If the Company does not have sufficient cash or funds legally available to redeem any of the Redeemable Shares required to be redeemed, the Company and the Founder shall use their best effort to cause the remaining Redeemable Shares to be purchased, including without limitation, to seek, facilitate and procure third parties to acquire the remaining Redeemable Shares on terms and conditions acceptable to the relevant Redemption Holders. In this Section 6, all references to "redemption by the Company" shall be read as references to "redemption or purchase (as the case maybe) by the Company and the Founder".

6.2. Notice. A notice of redemption (a "**Redemption Notice**") by such Redemption Shareholders shall be given by hand or by mail to the Company and the Founder at any time on or after the Redemption Start Date stating the date on which the applicable Redeemable Shares are to be redeemed (the "**Redemption Date**"), provided, however, that the Redemption Date shall be no earlier than the date 30 days after such notice of redemption is given. Upon receipt of any such request, the Company and the Founder shall promptly give

written notice of the redemption request to each non-requesting holder of record of applicable Redeemable Shares stating the existence of such request, the Redemption Price, the Redemption Date and the mechanics of redemption.

6.3. Surrender of Certificates. Before any Redemption Shareholder shall be entitled for redemption under the provisions of this Section 6, such Redemption Shareholder shall surrender his or her certificate or certificates representing such applicable Redeemable Shares to be redeemed to the Company and the Founder in the manner and at the place designated by the Company for that purpose, and the Redemption Price shall be payable on the Redemption Date to the order of the person whose name appears on such certificate or certificates as the owner of such shares and each such certificate shall be cancelled on the Redemption Date. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be promptly issued representing the unredeemed shares. Unless there has been a default in payment of the applicable Redemption Price, upon cancellation of the certificate representing such applicable Redeemable Shares to be redeemed, all dividends on such applicable Redeemable Shares designated for redemption on the relevant Redemption Date shall cease to accrue and all rights of the holders thereof, except the right to receive the Redemption Price thereof (including all accrued and unpaid dividend up to the relevant redemption date), without interest, shall cease and terminate and such Redeemable Shares shall cease to be issued shares of the Company. If the Company and the Founder fail to redeem any Redeemable Shares for which redemption is requested, then during the period from the Redemption Date through the date on which such Redeemable Shares are actually redeemed and the Redemption Price is actually made, in full, such Redeemable Shares shall continue to be outstanding and be entitled to all rights and preferences of Redeemable Shares. After payment in full of the aggregate Redemption Price for all issued and outstanding Redeemable Shares, all rights of the holders thereof as shareholders of the Company shall cease and terminate and such Redeemable Shares shall be cancelled.

6.4. Restriction on Distribution. If the Company and the Founder fail (for whatever reason) to redeem any Redeemable Shares on its due date for redemption then, as from such date until the date on which the same are redeemed the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

6.5. To the extent permitted by law, the Company shall procure that the profits of each subsidiary and affiliate of the Company for the time being legally available for distribution shall be paid to it by way of dividend or otherwise if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to make any redemption of Redeemable Shares required to be made pursuant to this Section 6.

7. LIQUIDATION.

7.1. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary:

(a) the holders of the Series A Preferred Shares shall be entitled to receive, prior to any distribution to the holders of the Ordinary Shares or any other class or series of shares then outstanding, an amount per Series A Preferred Share equal to (i) one hundred and fifty percent (150%) of the per share price of Series A Preferred Share at which

time such Series A Preferred Shares were first issued, as adjusted for share dividends, splits, combinations, recapitalizations or similar events and are otherwise provided herein (the "**Preferred Share Issue Price**"), plus (ii) all declared but unpaid dividends thereon (collectively, the "**Preferred Share Preference Amount**"). If the Company has insufficient assets to permit payment of the Preferred Share Preference Amount in full to all holders of Series A Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series A Preferred Shares in proportion to the full Preferred Share Preference Amount each such holder of Series A Preferred Shares would otherwise be entitled to receive under this Section 7.1.

(b) After the full Preferred Share Preference Amount on all outstanding Series A Preferred Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed to the holders of Class B Ordinary Shares, prior to the holders of the Class A Ordinary Shares or any other class or series of shares then outstanding, an amount per Class B Ordinary Share equal to (i) one hundred and fifty percent (150%) of the deemed per share price of Class B Ordinary Share, which is US$0.0121, equivalent to RMB0.0739, as adjusted for share dividends, splits, combinations, recapitalizations or similar events and are otherwise provided herein (the "**Deemed Class B Share Issue Price**", collectively with the Preferred Share Issue Price, the "**Share Issue Price**"), plus (ii) all declared but unpaid dividends thereon (collectively, the "**Class B Share Preference Amount**", collectively with the Preferred Share Preference Amount, the "**Preference Amount**"). After the full Preferred Share Preference Amount has been paid, if the remaining assets are insufficient to permit payment of the Class B Share Preference Amount in full to all holders of Class B Ordinary Shares, then the remaining assets of the Company shall be distributed ratably to the holders of the Class B Ordinary Shares in proportion to the full Class B Share Preference Amount each such holder of Class B Ordinary Shares would otherwise be entitled to receive under this Section 7.1.

(c) After the full Preference Amount on all outstanding Series A Preferred Shares and Class B Ordinary Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of the Preferred Shares (on an as-converted basis), together with the holders of the Ordinary Shares.

7.2. Any sale of shares, merger, consolidation or other similar transaction involving the Company in which its shareholders do not retain a majority of the voting power in the surviving or resulting entity or a sale of all or substantially all the Company's assets (the "**Liquidation Event**", for avoidance of doubt, each transaction under the Acquisitions also referred herein as a Liquidation Event), shall be deemed a liquidation, dissolution or winding up of the Company, such that the provision of Section 7.1 shall apply as if all consideration received by the Company and its shareholders in connection with such event were being distributed in a liquidation of the Company. If the requirements of this Section 7 are not complied with, the Company shall forthwith either (i) cause such closing to be postponed until such time as the requirements of this Section 7 have been complied with, or (ii) cancel such transaction. For the purpose of this Section 7, the term "**Company**" means, the Company itself as well as any and all the subsidiaries of the Company (including but not limited to the other Group Companies), to the extent and where applicable.

7.3. Notwithstanding any other provision of this Section 7, the Company may at any time, out of funds legally available therefor and subject to compliance with the provisions of the applicable laws of the Cayman Islands, repurchase the Class A Ordinary

Shares of the Company issued to or held by employees, officers or consultants of the Company or its subsidiaries upon termination of their employment or services, pursuant to any bona fide agreement providing for such right of repurchase, whether or not dividends on the Preferred Shares and Class B Ordinary Shares shall have been declared.

7.4. In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company, the value of the assets to be distributed to the holders of Preferred Shares and Ordinary Shares shall be that as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board, which decision shall include the affirmative vote from the Red Better Director. Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

(i) If traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;

(ii) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

(iii) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board.

The method of valuation of securities subject to restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board (including the Red Better Director). The Series A Majority and/or the Class B Majority shall have the right to challenge any determination by the liquidator or the Board, as the case may be, of fair market value pursuant to this Section 7, in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the liquidator or the Board, as the case may be, and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging party.

8. ASSIGNMENT AND AMENDMENT.

8.1. Assignment and Amendment. Notwithstanding anything herein to the contrary:

(a) Information Rights; Registration Rights. The Information and Inspection Rights under Section 1.1 may be assigned to any holder of Preferred Shares and Class B Ordinary Shares; and the registration rights of the Holders under Section 2 may be assigned to any Holder or to any person acquiring Registrable Securities, provided, however, that in either case no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and

identifying the securities of the Company as to which the rights in question are being assigned; provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Section 8.

(b) Right of Participation; Right of First Refusal; Co-Sale Right; Drag-Along Right. The rights of the holders of the Preferred Share and the holders of Class B Ordinary Shares under Sections 3, 4 and 5 are fully assignable in connection with a transfer of shares of the Company by such holders of Preferred Shares and the holders of Class B Ordinary Shares; provided, however, that no party may be assigned any of the foregoing rights unless the Company is given written notice by the holders of Preferred Shares and the holders of Class B Ordinary Shares stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement.

8.2. Amendment of Rights. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Company, only by the Company; (ii) as to the holders of Series A Preferred Shares, by the Series A Majority and their permitted assigns; provided, however, that any holder of Series A Preferred Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Series A Preferred Shares or their assigns; (iii) as to the holders of Class B Ordinary Shares, by the Class B Majority and their permitted assigns; provided, however, that any holder of Class B Ordinary Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Class B Ordinary Shares or their assigns; and (iv) as to the holders of Class A Ordinary Shares, by persons or entities holding a majority of the Class A Ordinary Shares and their assigns; provided, however, that any holder of Class A Ordinary Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Class A Ordinary Shares or their assigns. Any amendment or waiver effected in accordance with this Section 8.2 shall be binding upon the Company, the holders of Preferred Shares, the holders of Ordinary Shares and their respective assigns.

9. CONFIDENTIALITY AND NON-DISCLOSURE.

9.1. Disclosure of Terms. The terms and conditions of this Agreement and the Share Purchase Agreement, and all exhibits attached to such agreements (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any party hereto to any third party except in accordance with the provisions set forth below; provided that such confidential information shall not include any information that is in the public domain other than caused by the breach of the confidentiality obligations hereunder.

9.2. Press Releases, Etc. Any press release issued by the Company shall not disclose any of the Financing Terms and the final form of such press release shall be approved in advance in writing by the Investors. No other announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the Investors' prior written consent.

No announcement, press release or other public disclosure regarding each Investor' investment in the Company or any of the transactions contemplated herein may be made by any Party hereto in any press conference, professional or trade publication, marketing materials or otherwise to the public without the prior written consent of such Investor, or use the name of each Investor or any of its Affiliate without obtaining in each instance the prior written consent of such Person.

9.3. Permitted Disclosures. Notwithstanding the foregoing, any party may disclose any of the Financing Terms to its current or bona fide prospective investors, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such persons or entities have the need to know such information and are subject to appropriate nondisclosure obligations. Without limiting the generality of the foregoing, the Investors shall be entitled to disclose the Financing Terms for the purposes of fund reporting or inter-fund reporting or to their fund manager, other funds managed by their fund manager and their respective auditors, counsel, directors, officers, employees, shareholders or investors have the need to know such information and are subject to appropriate nondisclosure obligations.

9.4. Legally Compelled Disclosure. In the event that any party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement and the Share Purchase Agreement, any of the exhibits attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 9, such party (the "**Disclosing party**") shall provide the other parties (the "**Non-Disclosing Parties**") with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing party shall furnish only that portion of the information which is legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing party.

9.5. Other Information. The provisions of this Section 9 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties with respect to the transactions contemplated hereby.

9.6. Notices. All notices required under this section shall be made pursuant to Section 11.4 of this Agreement.

10. PROTECTIVE PROVISIONS.

10.1. In addition to such other limitations as may be provided in the Restated Articles, for so long as any Preferred Shares or Class B Ordinary Shares (as applicable) are outstanding, the following acts of the Company shall require the prior written approval of the Majority Holders, provided that notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) to (w) below requires a Special Resolution (as defined in the Restated Articles) of the shareholders in accordance with the applicable Cayman law, and if the shareholders vote in favor of such act but the approval of the Majority Holder has not yet been obtained, the votes of the holders of the Series A Preferred Shares and the holders of Class B Ordinary Shares who vote against such act at a meeting of the shareholders shall be deemed to be equal to the votes of all the shareholders

who vote in favor of such act plus one. For the purpose of this Section10, the term "**Company**" means, the Company itself as well as any and all the subsidiaries of the Company (including but not limited to the other Group Companies), to the extent and where applicable.

(a) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Preferred Shares or Class B Ordinary Shares; any material change to the Memorandum and Articles of Association or other charter documents of the Company, or any other actions that would adversely affect the rights of the Preferred Shares or Class B Ordinary Shares;

(b) any action that authorizes, creates or issues any class of the Company securities having preferences superior to or on a parity with the Preferred Shares or Class B Ordinary Shares or any other securities of the Company;

(c) creating, authorizing, reclassifying, issuing, repurchasing or redeeming any equity securities of the Company, excluding (i) any issuance of Class A Ordinary Shares upon conversion of the Series A Preferred Shares or Class B Ordinary Shares, and (ii) the issuance of Class A Ordinary Shares (or options or warrants therefor) under employee equity incentive plans approved by the Board;

(d) any consolidation, merger, corporate reorganization, transaction or series of transactions, in which in excess of fifty percent (50%) of the Company's voting power is transferred or in which the whole or a substantial part of the intellectual properties or the assets of the Company and/or any Group Company is sold or licensed; the combination, division, liquidation, dissolution or winding up of the Company, or termination of the business of the Company in any other manner;

(e) any change to the Memorandum and Articles of Association or other charter documents of the Company, or any decrease or increase in the share capital of the Company, change the organization form of the Company, cease to conduct its principal business substantially as now conducted by the Company or change any material part of its principal business;

(f) any change in the number of directors of the Company or in the manner in which the directors are appointed;

(g) the payment or declaration of any dividend or other distribution on any shares of the Company; settle or alter the terms of any profit sharing scheme or any employee share option or share participation schemes; make awards or grants to employees under any employee stock option plan or other similar incentive schemes; change any terms of liquidation preference;

(h) appoint, remove or settle the terms of appointment or removal of the chief executive officer or chief financial officer/financial controller of the Company, pay the remuneration to the Founder;

(i) appoint or change any auditors of the Company, or amend the accounting and financial policies of the Company, or change the fiscal year of the Company, or change the accounting firm of the Company;

(j) appoint, remove or settle the terms of appointment or removal of the chief operating officer, chief research officer, the chief technology officer, the chief marketing officer and any other management with a higher position of the Company;

(k) acquire any investment or incur any commitment in excess of US$2,000,000 at any time in respect of any one transaction, or in excess of US$5,000,000 at any time in a series of transactions, in any financial year of the Company;

(l) incurrence of any indebtedness other than the indebtedness in a commercial loan from any banks or other financial institutions out of the ordinary business course of the Company;

(m) create or issue any debenture constituting a pledge, lien or charge (whether by way of fixed or floating charge, mortgage encumbrance or other security) on all or any of the undertaking, assets or rights of the Company except for the purpose of the commercial loans from any banks or other financial institutions in the ordinary course of business not in excess of US$1,000,000 (or equivalent in other currencies) in a single transaction or in excess of US$2,000,000 in a series of transactions;

(n) sell, transfer, license, charge, encumber or otherwise dispose of any trademarks, patents or other intellectual property owned by the Company;

(o) any action that approves the termination of the principal business of the Company, or approves any consolidation, merger, corporate reorganization and liquidation of the Company, or appoints or removes the successors, managers, legal managers or other similar personnel;

(p) any transaction or series of transactions between the Company and any shareholder, director, officer or employee of the Company, or any affiliate of any shareholder of the Company or any of its officers, directors or shareholders, including but not limited to the extension by the Company of any loan or guarantee for any indebtedness to such persons (excluding the transactions with Red Better and/or its affiliates);

(q) make any equity investment in any other companies or establish a new brand for any other entities than the Group Companies;

(r) any disposal or dilution of the equity interest directly or indirectly held by the Company in any other entities or companies;

(s) any action that approves the sale, transfer of any equity interest (excluding the Preferred Shares and shares held by the Series A Investors or their nominees and the Class B Ordinary Shares and shares held by Red Better and Shunwei or their nominees) of the Company;

(t) any adoption or material amendment of the Company's business plan or budget or, or conduct any transaction in excess of such approved budget or business plan;

(u) the increase in the compensation of any of the five (5) most highly compensated employees of the Company by more than fifty percent (50%) in a twelve (12) month period;

(v) any other material event of the Company as the Investors and the Founder jointly present; and

(w) any action by the Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

11. GENERAL PROVISIONS.

11.1. ESOP. The Company shall not directly or indirectly issue Class A Ordinary Shares, share options or other forms of equity of the Company to employees, directors or consultants except in accordance with the employee equity compensation plans (the "**ESOP**") approved by the Board (including the Red Better Director), the Series A Majority and the Class B Majority. Within two (2) years after the Closing and subject to the terms and conditions of the Transaction Documents, the shareholders and the Board (including the Red Better Director) of the Company shall adopt the resolutions to establish the ESOP. Unless the Board, the Series A Majority and the Class B Majority resolves otherwise, the employees' restricted shares and stock options to be granted under any equity incentive plan shall vest pursuant to the following schedule: twenty-five percent (25%) of the total shares and options will vest on the first anniversary of the granting date, with the remaining seventy-five percent (75%) to vest yearly in equal installments over the next three (3) years.

11.2. Investment in Competitors.

Each Investor hereby agrees it shall promptly inform the Group Companies when it intends to invest in any Direct Competitor of the Group Companies.

11.3. Red Better's Further Covenant

Each of the Founders, the Group Companies and Red Better hereby agrees and covenants that in the event that the co-ownership of the Patent may substantially putting a brake on the Qualified Initial Public Offering or the Acquisition (as defined in the Shareholders Agreement) or may have a material adverse effect on the Group Companies, it will cause Xiaomi Inc. (□□□□□□□□□□) to, as required, transfer the patents and patent applications listed in Section 3.08 of the Disclosure Schedule (as defined in the Share Purchase Agreement) to Foshan Affiliate at a consideration reasonably determined by an independent third party acting in good faith, or a consideration negotiated in good faith by Xiaomi Inc. and the Foshan Affiliate pursuant to the particular situation of the time..

11.4. Restriction on the use of the names and logos of "Red Better" and Confidentiality.

Notwithstanding any contrary provisions specified in this Agreement, without prior written consent of Red Better, and whether or not Red Better then holds any shares of the Group Company, directly or indirectly, none of the Group Companies, Shareholders except Red Better, the Founder shall use, publish, reproduce, distribute, display or perform: (i) the names, trademarks or logos of Red Better (including any Red Better affiliates); (ii)the names, photos, pictures or logos of any Partners of Red Better (including any Red Better

affiliates);(iii) any other similar names, trademarks, logos, product names, service names, emblems, domain names or any other identifiable descriptions of Red Better (including any Red Better affiliates), including but not limited to solely or in combination of Xiaomi, Lei Jun, Mitalk, Mitu, MIUI, MiCloud, Mi-world, MIPAY, in any of their marketing, advertising or promotion materials or otherwise for any marketing, advertising or promotional purposes.

11.4 Restriction on the use of the names and logos of "Sequoia" and Confidentiality.

Without the written consent of Sequoia, and whether or not Sequoia then holds any shares of the Group Company, directly or indirectly, none of the Group Companies, their shareholders (excluding Sequoia), and the Founder, shall use the name or brand of Sequoia or its affiliate, claim itself as a partner of Sequoia or its affiliate , make any similar representations. Without the written approval of Sequoia, the Group Companies, their shareholders (excluding Sequoia), and the Founder, shall not make or cause to be made, any press release, public announcement or other disclosure to any third party in respect of this Agreement or Sequoia's subscription of share interest of the Company.

11.5. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit A hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit A; or (d) three (3) business days after deposit with an international overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit A with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 11.4 by giving the other party written notice of the new address in the manner set forth above.

11.6. Entire Agreement. The Transaction Documents (as defined in the Share Purchase Agreement), together with all the exhibits hereto and thereto, constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof. Capitalized terms which are not defined hereinto shall have the same meaning as such in the Restated Articles.

11.7. Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Hong Kong laws, without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the Hong Kong laws to the rights and duties of the parties hereunder.

11.8. Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the parties' intent in entering into this Agreement.

11.9. Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement.

11.10. Successors and Assigns. Subject to the provisions of Section 8.1, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assigns of the parties hereto.

11.11. Interpretation; Captions. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement.

11.12. Counterparts. This Agreement may be executed in counterparts, and may be delivered by electronic or facsimile transmission, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.13. Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Preferred Shares or Ordinary Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the Preferred Shares or Ordinary Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of shares by such subdivision, combination or share dividend.

11.14. Aggregation of Shares. All Preferred Shares or Ordinary Shares held or acquired by affiliated entities or persons (as defined in Rule 144 under the Securities Act) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

11.15. Shareholders Agreement to Control. If and to the extent that there are inconsistencies between the provisions of this Agreement and those of the Restated Articles, the terms of this Agreement shall prevail as regards the shareholders only. The parties (other than the Company) agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Restated Articles so as to eliminate such inconsistency to the fullest extent permissible by law.

11.16. Dispute Resolution.

(a) Negotiation Between Parties; Mediation. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties within thirty (30) days, Section 11.16(b) shall apply.

(b) Arbitration. In the event the parties are unable to settle a dispute between them regarding this Agreement in accordance with subsection (a) above, such dispute shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the HKIAC Arbitration Rules (the "**HKIAC Rules**") in effect, which rules are deemed to be incorporated by reference into this subsection (b), subject to the following: (i) the arbitration tribunal shall consist of three (3) arbitrators to be appointed according to the HKIAC Rules; (ii) the language of the arbitration shall be English; and (iii) the arbitration shall take place in Hong Kong.

11.17. Further Actions. Each shareholder of the Company agrees that it shall use its best effort to enhance and increase the value and principal business of the Company.

11.18. Sequoia's Affiliates. Notwithstanding the foregoing, the parties acknowledge and agree that (a) the name "**Sequoia Capital**" is commonly used to describe a variety of entities (collectively, the "**Sequoia Entities**") that are affiliated by ownership or operational relationship and engaged in a broad range of activities related to investing and securities trading and (b) notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not be binding on, or restrict the activities of, any (i) Sequoia Entity outside of the Sequoia China Sector Group or (ii) entity primarily engaged in investment and trading in the secondary securities market. For purposes of the foregoing, the "**Sequoia China Sector Group**" means all Sequoia Entities (whether currently existing or formed in the future) that are principally focused on companies located in, or with connections to, the PRC.

11.19. Effective Date. This Agreement should only take effect and become binding on and enforceable against the parties hereto subject to and upon the Closing of the Share Purchase Agreement.

– REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK –

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE COMPANY:

Viomi Technology Co., Ltd

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Director

THE HK CO.:

Viomi HK Technology Co., Limited
(□□□□□□□□□□)

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Director

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE BVI CO.:

Viomi Limited

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Director

THE FOUNDER:

/s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE WFOE:

Lequan Technology (Beijing) Co., Limited
(□□□□□□□□□□□□)

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Legal Representative
with Company seal

THE PRC AFFILIATES:

Foshan Yunmi Electrical Technology Co., Ltd. (□□□□□□□□□□□□□□□)

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Legal Representative
with Company seal

Beijing Yunmi Science and Technology Co., Ltd. (□□□□□□□□□□□)

By: /s/ Chen Xiaoping
Name: Chen Xiaoping (□□□)
Title: Legal Representative
with Company seal

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE INVESTOR:

Red Better Limited

By: /s/ Lei Jun
Name: Lei Jun
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE INVESTOR:

Shunwei Ecosystem Fund, L.P.

By: Shunwei Ecosystem Fund GP Limited,
its general partner

By: /s/ Tuck Lye Koh
Name: Tuck Lye Koh
Title: Director

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE INVESTOR:

For and on behalf of

SCC Venture V Holdco I, Ltd.

SIGNED by /s/ Kok Wai Yee
Name:Kok Wai Yee
Authorized Signatory

YUNMI - SIGNATURE PAGE OF SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE INVESTOR:

MORNINGSIDE CHINA TMT SPECIAL OPPORTUNITY FUND, L.P.,
a Cayman Islands exempted limited partnership

By:
MORNINGSIDE CHINA TMT GP III, L.P.,
a Cayman Islands exempted limited partnership,
its general partner

By:
TMT GENERAL PARTNER LTD,
a Cayman Islands limited company,
its general partner

in on

/s/ Louise Mary Garbarino
Name: Louise Mary Garbarino
Director/Authorised Signatory

MORNINGSIDE CHINA TMT FUND III CO-INVESTMENT, L.P.,
a Cayman Islands exempted limited partnership

By:
MORNINGSIDE CHINA TMT GP III, L.P.,
a Cayman Islands exempted limited partnership,
its general partner

By:
TMT GENERAL PARTNER LTD.,
a Cayman Islands limited company,
its general partner

in on

/s/ Louise Mary Garbarino
Name: Louise Mary Garbarino
Director/Authorised Signatory

YUNMI-SIGNATURE PAGE OF SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE INVESTOR:

Shunwei Talent Limited

By: /s/ Tuck Lye Koh

Name: Tuck Lye Koh
Title: Authorized Signatory

YUNMI-SIGNATURE PAGE OF SHAREHOLDERS AGREEMENT

SCHEDULE A

Class B Investors

Class B Investors
Shunwei Talent Limited ("**Shunwei**")
Red Better Limited ("**Red Better**")

SCHEDULE B

Series A Investors

Series A Investors
SCC Venture V Holdco I, Ltd. ("**Sequoia**")
Shunwei Ecosystem Fund, L.P. ("**GIC**")
Morningside China TMT Special Opportunity Fund, L.P.
Morningside China TMT Fund III Co-Investment, L.P. (together with Morningside China TMT Special Opportunity Fund, L.P., "**Morningside**")
Shunwei Talent Limited

EXHIBIT A

Notices

If to the Group Companies and the Founder:

Address:
Attn:
Tel:

If to Sequoia:

Address:
Attn:
Tel:
Fax:

If to GIC:

Address:
Attn:
E-mail:

With a copy to:

Attn:
Address:
E-mail:
Telephone:
Fax:

Attn:
Address:
Office:
Fax:
Email:

If to Morningside:

Address:
Attn:
Tel:

Email:

If to Shunwei:

Address:
Attn:
Email:

With a copy to:
Attention:
Address:
Telephone:
Fax:

If to Red Better:

Address:
Attn:
Fax:
Tel:

Viomi Technology Co., Ltd

SHARE INCENTIVE PLAN

PREFACE

This Plan is divided into two separate equity programs: (1) the option grant program set forth in Section 5 under which Eligible Persons (as defined in Section 3) may, at the discretion of the Administrator, be granted Options, and (2) the share award program set forth in Section 6 under which Eligible Persons may, at the discretion of the Administrator, be awarded restricted Ordinary Shares. Section 2 of this Plan contains the general rules regarding the administration of this Plan. Section 3 sets forth the requirements for eligibility to receive an Award grant under this Plan. Section 4 describes the authorized shares of the Company that may be subject to Awards granted under this Plan. Section 7 contains other provisions applicable to all Awards granted under this Plan. Section 8 provides definitions for certain capitalized terms used in this Plan and not otherwise defined herein.

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

2. ADMINISTRATION.

2.1 ***Administrator***. This Plan shall be administered by and all Awards under this Plan shall be authorized by the Administrator. The "**Administrator**" means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and any other applicable law, to one or more officers of the Company, its powers under this Plan (a) to designate the officers and employees of the Company and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Memorandum and Articles of Association of the Company or the applicable charter of any Administrator, a majority of the members of the acting Administrator shall constitute a quorum, and the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

2.2 ***Plan Awards; Interpretation; Powers of Administrator***. Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of this Plan (in the case of a committee or delegation to one or more officers,

within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

(a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;

(b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;

(c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;

(d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards;

(e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;

(f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.5) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);

(g) determine Fair Market Value for purposes of this Plan and Awards;

(h) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan;

(i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3; and

(j) implement any procedures, steps, additional or different requirements as may be necessary to comply with any laws of the People's Republic

of China (the "**PRC**") that may be applicable to this Plan, any Award or any related documents, including but not limited to foreign exchange laws, tax laws and securities laws of the PRC.

2.3 ***Binding Determinations***. Any action taken by, or inaction of, the Company, any Affiliate, the Board or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

2.4 ***Reliance on Experts***. In making any determination or in taking or not taking any action under this Plan, the Administrator may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

2.5 ***Delegation***. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Affiliates or to third parties.

3. ELIGIBILITY.

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "**Eligible Person**" means any person who qualifies as one of the following at the time of grant of the respective Award:

(a) an officer (whether or not a director) or employee of the Company or any of its Affiliates;

(b) any member of the Board; or

(c) 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.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (c) above only if such person's participation in this Plan would not adversely affect (1) the Company's eligibility to rely on the Rule 701 exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Company, or (2) the Company's compliance with any other applicable laws.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5 and/or one or more Awards pursuant to Section 6. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan. Furthermore, an Eligible Person who has been granted an Award under Section 5 is not necessarily entitled to an Award under Section 6, or vice versa, unless otherwise expressly determined by the Administrator.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

4. SHARES SUBJECT TO THE PLAN.

4.1 ***Shares Available***. Subject to the provisions of Section 7.3.1, the shares that may be delivered under this Plan will be the Company's authorized but unissued Ordinary Shares (and any of its Ordinary Shares held as treasury shares). The Ordinary Shares issued and delivered may be issued and delivered for any lawful consideration.

4.2 ***Share Limit***. Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Ordinary Shares that may be delivered pursuant to Awards granted under this Plan will not exceed 12,727,272 shares (the "**Share Limit**") in the aggregate. As required under U.S. Treasury Regulation Section 1.422-2(b)(3)(i), in no event will the number of Ordinary Shares that may be delivered pursuant to Incentive Stock Options granted under this Plan exceed the Share Limit.

4.3 ***Replenishment and Reissue of Unvested Awards***. To the extent that an Award is settled in cash or a form other than Ordinary Shares, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. No Award may be granted under this Plan unless, on the date of grant, the sum of (a) the maximum number of Ordinary Shares issuable at any time pursuant to such Award, plus (b) the number of Ordinary Shares that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of Ordinary Shares that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Ordinary Shares that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or Ordinary Shares subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as Ordinary Shares that are subject to Share Awards made under this Plan that are forfeited to the Company or otherwise repurchased by the Company prior to the vesting of such shares for a price not greater than the original purchase or issue price of such shares (as adjusted pursuant to Section 7.3.1) will again, except to the extent prohibited by law or applicable listing or regulatory requirements, be available for subsequent

Award grants under this Plan. Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any Award under this Plan, as well as any shares exchanged by a Participant or withheld by the Company or one of its Affiliates to satisfy the tax withholding obligations related to any Award, shall be available for subsequent Awards under this Plan. Adjustments to the Share Limit pursuant to this Section 4.3 are subject to any applicable limitations of the Code in the case of Awards intended to be Incentive Stock Options.

4.4 ***Reservation of Shares***. The Company shall at all times reserve a number of Ordinary Shares sufficient to cover the Company's obligations and contingent obligations to deliver shares with respect to Awards then outstanding under this Plan.

5. OPTION GRANT PROGRAM.

5.1 ***Option Grants in General***. Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any Ordinary Shares subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of an Option promptly execute and return to the Company his or her Award Agreement evidencing the Award. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Award.

5.2 ***Incentive Stock Option Status***. The Administrator will designate each Option granted under this Plan to a U.S. resident as either an Incentive Stock Option or a Nonqualified Option, and such designation shall be set forth in the applicable Award Agreement. Any Option granted under this Plan to a U.S. resident that is not expressly designated in the applicable Award Agreement as an Incentive Stock Option will be deemed to be designated a Nonqualified Option under this Plan and not an "incentive stock option" within the meaning of Section 422 of the Code. Incentive Stock Options shall be subject to the provisions of Section 5.5 in addition to the provisions of this Plan applicable to Options generally. The Administrator may designate any Option granted under this Plan to a non-U.S. resident in accordance with the rules and regulations applicable to options in the jurisdiction in which such person is a resident.

5.3 ***Option Price***.

5.3.1 Option Pricing Limits. Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Option (the "exercise price" of the Option) at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the greatest of:

(a) the par value of an Ordinary Share;

(b) in the case of an Incentive Stock Option and subject to clause (c) below, 100% of the Fair Market Value of an Ordinary Share on the date of grant; or

(c) in the case of an Incentive Stock Option granted to a Participant described in Section 5.5.4, 110% of the Fair Market Value of an Ordinary Share on the date of grant.

5.3.2 Payment Provisions. The Company will not be obligated to deliver certificates for the Ordinary Shares to be purchased upon the exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any Ordinary Shares purchased upon the exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:

(a) cash, check payable to the order of the Company, or electronic funds transfer;

(b) notice and third party payment in such manner as may be authorized by the Administrator;

(c) the delivery of previously owned Ordinary Shares;

(d) by a reduction in the number of Ordinary Shares otherwise deliverable pursuant to the Award;

(e) subject to such procedures as the Administrator may adopt, pursuant to a "cashless exercise"; or

(f) if authorized by the Administrator or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 5.3.3.

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable law. Ordinary Shares used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise deliverable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant's ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Company. The Administrator may take all actions necessary to alter the method of Option exercise and the exchange and transmittal of

proceeds with respect to Participants resident in the PRC not having permanent residence in a country other than the PRC in order to comply with applicable PRC foreign exchange and tax regulations and any other applicable PRC laws and regulations.

5.3.3 Acceptance of Notes to Finance Exercise. The Company may, with the Administrator's approval in each specific case, accept one or more promissory notes from any Eligible Person in connection with the exercise of any Option; provided that any such note shall be subject to the following terms and conditions:

(a) The principal of the note shall not exceed the amount required to be paid to the Company upon the exercise, purchase or acquisition of one or more Awards under this Plan and the note shall be delivered directly to the Company in consideration of such exercise, purchase or acquisition.

(b) The initial term of the note shall be determined by the Administrator; provided that the term of the note, including extensions, shall not exceed a period of five years.

(c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Administrator, but not less than the interest rate necessary to avoid the imputation of interest under the Code or other applicable tax law, rules or regulations, and to avoid any adverse accounting consequences in connection with the exercise, purchase or acquisition.

(d) If the employment or services of the Participant by or to the Company and its Affiliates terminates, the unpaid principal balance of the note shall become due and payable on the 30th business day after such termination; provided, however, that if a sale of the shares acquired on exercise of the Option would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability assuming for these purposes that there are no other transactions (or deemed transactions) in securities of the Company by the Participant subsequent to such termination.

(e) If required by the Administrator or by applicable law, the note shall be secured by a pledge of any shares or rights financed thereby or other collateral, in compliance with applicable law.

The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note shall conform to all applicable rules and regulations, including those of the Federal Reserve Board of the United States and any applicable law, as then in effect.

5.4 ***Vesting; Term; Exercise Procedure***.

5.4.1 Vesting. Except as provided in Section 5.8, an Option may be exercised only to the extent that it is vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable an Option will remain exercisable until the expiration or earlier termination of the Option.

5.4.2 Term. Each Option shall expire not more than 10 years after its date of grant. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.6 and 7.3 or the terms of the applicable Award Agreement.

5.4.3 Exercise Procedure. Any exercisable Option will be deemed to be exercised when (a) the applicable exercise procedures in the related Award Agreement have been satisfied (or, in the absence of any such procedures in the related Award Agreement, the Company has received written notice of such exercise from the Participant), and (b) in the case of an Option, the Company has received any required payment made in accordance with Section 5.3 and Section 7.6, and (c) in the case of an Option, the Company has received any written statement required pursuant to Section 7.5.1.

5.4.4 Fractional Shares/Minimum Issue. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No Option may be exercised as to fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) at one time unless the number as to which the Award is exercised is the total number at the time then subject to the vested and exercisable portion of the Award.

5.5 ***Limitations on Grant and Terms of Incentive Stock Options***.

5.5.1 US$100,000 Limit. To the extent that the aggregate Fair Market Value of shares with respect to which incentive stock options (within the meaning of Section 422 of the Code) first become exercisable by a Participant in any calendar year exceeds US$100,000, taking into account both Ordinary Shares subject to Incentive Stock Options under this Plan and shares subject to incentive stock options under all other plans of the Company or any of its Affiliates, such options will be treated as Nonqualified Options. For this purpose, the Fair Market Value of the shares subject to options will be determined as of the date the options were awarded. In reducing the number of options treated as incentive stock options to meet the US$100,000 limit, the most recently granted options will be reduced (re-characterized as Nonqualified Options) first. To the extent a reduction of simultaneously granted options is necessary to meet the US$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which

Ordinary Shares are to be treated as shares acquired pursuant to the exercise of an incentive stock option.

5.5.2 Other Code Limits. Incentive Stock Options may only be granted to individuals that are employees of the Company or one of its Affiliates and satisfy the other eligibility requirements of the Code. Any Award Agreement relating to Incentive Stock Options will contain or shall be deemed to contain such other terms and conditions as from time to time are required in order that the Option be an "incentive stock option" as that term is defined in Section 422 of the Code.

5.5.3 ISO Notice of Sale Requirement. Any Participant who exercises an Incentive Stock Option shall give prompt written notice to the Company of any sale or other transfer of the Ordinary Shares acquired on such exercise if the sale or other transfer occurs within (a) one year after the exercise date of the Option, or (b) two years after the grant date of the Option.

5.5.4 Limits on 10% Holders. No Incentive Stock Option may be granted to any person who, at the time the Incentive Stock Option is granted, owns (or is deemed to own under Section 424(d) of the Code) outstanding shares of the Company (or any of its Affiliates) possessing more than 10% of the total combined voting power of all classes of shares of the Company (or any of its Affiliates), unless the exercise price of such Incentive Stock Option is at least 110% of the Fair Market Value of the shares subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable more than five years after the date the Incentive Stock Option is granted.

5.6 ***Effects of Termination of Employment on Options***.

5.6.1 Dismissal for Cause. Unless otherwise provided in the applicable Award Agreement and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates is terminated by such entity for Cause, the Participant's Option will terminate on the Participant's Severance Date, whether or not the Option is then vested and/or exercisable.

5.6.2 Death or Disability. Unless otherwise provided in the applicable Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability:

(a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 6 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;

(b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

(c) the Option, to the extent exercisable for the 6-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 6-month period.

5.6.3 Other Terminations of Employment. Unless otherwise provided in the applicable Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates for any reason other than a termination by such entity for Cause or because of the Participant's death or Total Disability:

(a) the Participant will have until the date that is 30 days after the Participant's Severance Date to exercise his or her Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;

(b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

(c) the Option, to the extent exercisable for the 30 day period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 30 day period.

For the avoidance of doubt, any Participant who is a PRC citizen or resident in China, or otherwise, as the Administrator in its sole discretion may determine, may be deemed as a "domestic resident" as defined in the Circular No. 37 (and/or such successor circular) issued by the State Administration of Foreign Exchange of PRC on July 4, 2014, the Option shall become exercisable only satisfying all the conditions set forth in Section 16 of the Award Agreement.

5.7 ***Option Repricing/Cancellation and Regrant/Waiver of Restrictions***. Subject to Section 4 and Section 7.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise or base price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option or and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise or base price that is higher or lower than the exercise or base price of the original or prior Option, provide for a greater or lesser number of Ordinary Shares subject to the Option, or provide for a longer or shorter vesting or exercise period.

5.8 ***Early Exercise Options.*** The Administrator may, in its discretion, designate any Option as an "early exercise Option" which, by express provision in the applicable

Award Agreement, may be exercised prior to the date such Option has vested. If the Participant elects to exercise all or a portion of an early exercise Option before it is vested, the Ordinary Shares acquired under the Option which are attributable to the unvested portion of the Option shall be Restricted Shares. The applicable Award Agreement will specify the extent (if any) to which and the time (if ever) at which the Participant will be entitled to dividends, voting and other rights in respect of such Restricted Shares prior to vesting, and the restrictions imposed on such shares and the conditions of release or lapse of such restrictions. Unless otherwise expressly provided in the applicable Award Agreement, such Restricted Shares shall be subject to the provisions of Sections 6.6 through 6.9, below.

6. SHARE AWARD PROGRAM.

6.1 ***Share Awards in General***. Each Share Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Share Award shall contain the terms established by the Administrator for that Share Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Share Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Share Award promptly execute and return to the Company his or her Award Agreement evidencing the Share Award. In addition, the Administrator may require that the spouse of any married recipient of a Share Award also promptly execute and return to the Company the Award Agreement evidencing the Share Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Share Award.

6.2 ***Types of Share Awards***. The Administrator shall designate whether a Share Award shall be a Restricted Share Award, and such designation shall be set forth in the applicable Award Agreement.

6.3 ***Purchase Price***.

6.3.1 Pricing Limits. Subject to the following provisions of this Section 6.3, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Share Award at the time of grant of the Award. In no case will such purchase price be less than the par value of the Ordinary Shares.

6.3.2 Payment Provisions. The Company will not be obligated to record in the Company's register of members, or issue certificates evidencing, Ordinary Shares awarded under this Section 6 unless and until it receives full payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied, at which point the relevant shares shall be issued and noted in the Company's register of members. The purchase price of any shares subject to a Share Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (f) in Section 5.3.2 and/or past services rendered to the Company or any of its Affiliates.

6.4 ***Vesting***. The restrictions imposed on the Ordinary Shares subject to a Restricted Share Award (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement.

6.5 ***Term***. A Share Award shall either vest or be repurchased by the Company as provided in Section 6.8 not more than 10 years after the date of grant. Each Share Award will be subject to earlier termination as provided in or pursuant to Sections 6.8 and 7.3. Any payment of cash or delivery of shares in payment for a Share Award may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.

6.6 ***Share Certificates; Fractional Shares***. Share certificates evidencing Restricted Shares will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed, the shares have vested in accordance with the provisions of the Award Agreement and Section 6.4, and any related loan has been repaid. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.

6.7 ***Dividend and Voting Rights***. Unless otherwise provided in the applicable Award Agreement, a Participant holding Restricted Shares will be entitled to cash dividend and voting rights for all Restricted Shares issued even though they are not vested, but such rights will terminate immediately as to any Restricted Shares which cease to be eligible for vesting or are repurchased by the Company.

6.8 ***Termination of Employment; Return to the Company***. Unless the Administrator otherwise expressly provides, Restricted Shares subject to an Award that remain subject to vesting conditions that have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, the Participant's Severance Date), will not vest and will be reacquired by the Company in such manner and on such terms as the Administrator provides, which terms shall include, to the extent not prohibited by law, return or repayment of the lower of (a) the Fair Market Value of the Restricted Shares at the time of the termination, or (b) if applicable, the original purchase price of the Restricted Shares, without interest. The Award Agreement shall specify any other terms or conditions of the repurchase if the Award fails to vest. Any other Share Award that has not been exercised as of a Participant's Severance Date shall terminate on that date unless otherwise expressly provided by the Administrator in the applicable Award Agreement.

6.9 ***Waiver of Restrictions***. Subject to Sections 4 and 7.7 and the specific limitations on Share Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award granted under this Plan by amendment, by substitution of an outstanding Share Award, by waiver or by other legally valid means.

7. PROVISIONS APPLICABLE TO ALL AWARDS.

7.1 ***Rights of Eligible Persons, Participants and Beneficiaries***.

7.1.1 Employment Status. No Person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan,

subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

7.1.2 No Employment/Service Contract. Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Company or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

7.1.3 Plan Not Funded. Awards payable under this Plan will be payable in Ordinary Shares or from the general assets of the Company, and (except as to the share reservation provided in Section 4.4) no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including Ordinary Shares, except as expressly provided) of the Company or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

7.1.4 Charter Documents. The Memorandum and Articles of Association of the Company, as may lawfully be amended from time to time, may provide for additional restrictions and limitations with respect to the Ordinary Shares (including additional restrictions and limitations on the voting or transfer of Ordinary Shares) or priorities, rights and preferences as to securities and interests prior in rights to the Ordinary Shares. These restrictions and limitations are in addition to (and not in lieu of) those set forth in this Plan or any Award Agreement and are incorporated herein by this reference.

7.2 ***No Transferability; Limited Exception to Transfer Restrictions***.

7.2.1 Limit on Exercise and Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Ordinary Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

7.2.2 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 7.2.1 will not apply to:

(a) transfers to the Company;

(b) transfers by gift or domestic relations order to one or more "family members" (as that term is defined in SEC Rule 701 promulgated under the Securities Act) of the Participant, including transfers to a trust in which the Participant (or other family member) has more than 50% of the beneficial interest, a foundation in which the Participant (or other family member) controls the management of assets, or an entity in which the Participant (or other family member) owns more than 50% of the voting interest, so long as such transfer is expressly authorized by the Administrator and is in compliance with all applicable laws;

(c) the designation of a Beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's Beneficiary, or, in the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or

(d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, Incentive Stock Options and Restricted Share Awards will be subject to any and all transfer restrictions under the Code applicable to such awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all applicable laws, any contemplated transfer by gift or domestic relations order to one or more family members of a Participant as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective. The Administrator may, in its sole discretion, withhold its approval of any such proposed transfer.

7.3 ***Adjustments; Changes in Control***.

7.3.1 Adjustments. Subject to Section 7.3.2 below, upon (or, as may be necessary to effect the adjustment, immediately prior to) any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split; any merger, combination, consolidation, or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Ordinary Shares; or any exchange of Ordinary Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares; then the Administrator shall equitably and proportionately adjust (1) the number and type of shares of Ordinary Shares (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Ordinary Shares (or other securities or property) subject to any outstanding Awards, (3) the grant, purchase, exercise or base price of any outstanding Awards, and/or (4) the securities, cash or other property deliverable upon exercise or vesting of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Awards.

Unless otherwise expressly provided in the applicable Award Agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Company as an entirety, the Administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based Awards to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding performance-based Awards.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 2.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.3.1, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Company's preferred share (if any) or any new issuance of securities by the Company for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

7.3.2 Consequences of a Change in Control Event. Upon the occurrence of a Change in Control Event, the Administrator may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding Awards (or the cash, securities or other property

deliverable to the holder(s) of any or all outstanding Awards) based upon, to the extent relevant in the circumstances, the distribution or consideration payable to holders of the Ordinary Shares upon or in respect of such event.

In addition, subject to Sections 7.3.4 and 7.3.5, upon (or, as may be necessary to effectuate the purposes of this acceleration, immediately prior to) the occurrence of a Change in Control Event:

(a) each Option will become immediately vested and exercisable; and

(b) Restricted Shares will immediately vest free of forfeiture restrictions and/or restrictions giving the Company the right to repurchase the shares at their original purchase price;

provided, however, that such acceleration provision shall not apply, unless otherwise expressly provided by the Administrator, with respect to any Award to the extent that the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the Award, or the Award would otherwise continue in accordance with its terms, in the circumstances.

The foregoing Change in Control Event provisions shall not in any way limit the authority of the Administrator to accelerate the vesting of one or more Awards (as to all or only a portion of any Award) in such circumstances (including, but not limited to, a Change in Control Event) as the Administrator may determine to be appropriate, regardless of whether accelerated vesting of all or a portion of the Award(s) is otherwise required or contemplated by the foregoing in the circumstances.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement. In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise or base price of the Option, as applicable, to the extent of the then vested and exercisable shares subject to the Option.

In any of the events referred to in this Section 7.3.2, the Administrator may take such action contemplated by this Section 7.3.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of the Award if an event giving rise to an acceleration does not occur.

7.3.3 Early Termination of Awards. Upon the occurrence of a Change in Control Event, each then-outstanding Award (whether or not vested and/or exercisable, but after giving effect to any accelerated vesting required in the circumstances pursuant to Sections 7.3.2, 7.3.4 and 7.3.5) shall terminate,

subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of such Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding and vested Options (the vested portion of such Options determined after giving effect to any accelerated vesting required in the circumstances pursuant to Sections 7.3.2, 7.3.4 and 7.3.5) in accordance with their terms before the termination of the Awards (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event). For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for each Ordinary Share subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the shareholders of the Company for each Ordinary Share sold or exchanged in such transaction (or the consideration received by a majority of the shareholders participating in such transaction if the shareholders were offered a choice of consideration); provided, however, that if the consideration offered for an Ordinary Share in the transaction is not solely the ordinary or common shares of a successor company or a Parent, the Administrator may provide for the consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary or common shares (as applicable) of the successor company or a Parent equal in Fair Market Value to the per share consideration received by the shareholders participating in the Change in Control Event.

7.3.4 Other Acceleration Rules. The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any Incentive Stock Option accelerated in connection with a Change in Control Event (or such other circumstances as may trigger accelerated vesting of the Incentive Stock Option) shall remain exercisable as an Incentive Stock Option only to the extent the applicable US$100,000 limitation on Incentive Stock Options is not exceeded. To the extent exceeded, the accelerated portion of the Option shall be exercisable as a Nonqualified Option.

7.3.5 Golden Parachute Limitation. Notwithstanding anything else contained in this Section 7.3 to the contrary, in no event shall any Award or payment be accelerated under this Section 7.3 to an extent or in a manner so

that such Award or payment, together with any other compensation and benefits provided to, or for the benefit of, the Participant under any other plan or agreement of the Company or one of its Affiliates, would not be fully deductible by the Company or one of its Affiliates for federal income tax purposes because of Section 280G of the Code. If a holder of an Award would be entitled to benefits or payments hereunder and under any other plan or program that would constitute "parachute payments" as defined in Section 280G of the Code, then the holder may by written notice to the Company designate the order in which such parachute payments will be reduced or modified so that the Company or one of its Affiliates is not denied federal income tax deductions for any "parachute payments" because of Section 280G of the Code. Notwithstanding the foregoing, if a Participant is a party to an employment or other agreement with the Company or one of its Affiliates, or is a participant in a severance program sponsored by the Company or one of its Affiliates that contains express provisions regarding Section 280G and/or Section 4999 of the Code (or any similar successor provision), or the applicable Award Agreement includes such provisions, the Section 280G and/or Section 4999 provisions of such employment or other agreement or plan, as applicable, shall control as to the Awards held by that Participant (for example, and without limitation, a Participant may be a party to an employment agreement with the Company or one of its Affiliates that provides for a "gross-up" as opposed to a "cut-back" in the event that the Section 280G thresholds are reached or exceeded in connection with a change in control and, in such event, the Section 280G and/or Section 4999 provisions of such employment agreement shall control as to any Awards held by that Participant).

7.4 ***Termination of Employment or Services***.

7.4.1 Events Not Deemed a Termination of Employment. Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant's employment by or service to the Company or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Company, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant's Awards. Unless the express policy of the Company or the Administrator otherwise provides, a Participant's employment relationship with the Company or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Company or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than three months. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Company or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.

7.4.2 Effect of Change of Affiliate Status. For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event

giving rise to the change in status unless the Affiliate that is sold, spun-off or otherwise divested (or its successor or a direct or indirect parent of such Affiliate or successor) assumes the Eligible Person's award(s) in connection with such transaction.

7.4.3 Administrator Discretion. Notwithstanding the provisions of Section 5.6 or 6.8, in the event of, or in anticipation of, a termination of employment or service with the Company or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

7.4.4 Termination of Consulting or Affiliate Services. If the Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Company or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Company or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Company or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Company or Affiliate for purposes of this Plan shall be the date specified by the Company or Affiliate in the notice.

7.5 ***Compliance with Laws***.

7.5.1 General. This Plan, the granting and vesting of Awards under this Plan, and the offer, issuance and delivery of Ordinary Shares, the acceptance of promissory notes and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, applicable foreign laws, rules and regulations (including but not limited to state and federal securities laws, and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

7.5.2 Compliance with Securities Laws. No Participant shall sell, pledge or otherwise transfer Ordinary Shares acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting

the provisions set forth above, no Participant shall make any disposition of all or any portion of Ordinary Shares acquired or to be acquired pursuant to an Award, except in compliance with all applicable federal and state securities laws and unless and until:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;

(b) such disposition is made in accordance with Rule 144 under the Securities Act; or

(c) such Participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any Affiliate has any obligation to register the Ordinary Shares or file any registration statement under either federal or state securities laws, nor does the Company or any Affiliate make any representation concerning the likelihood of a public offering of the Ordinary Shares or any other securities of the Company or any Affiliate.

7.5.3 Share Legends. All certificates evidencing Ordinary Shares issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE COMPANY, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SHARES ARE SUBJECT TO THE COMPANY'S RIGHT OF FIRST REFUSAL AND CALL RIGHTS TO REPURCHASE THE SHARES UNDER THE COMPANY'S SHARE INCENTIVE PLAN AND AGREEMENTS WITH THE COMPANY THEREUNDER."

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD FOLLOWING THE EFFECTIVE DATE OF A REGISTRATION STATEMENT OF THE COMPANY FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), AS SET FORTH IN AN AGREEMENT

BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE ACT, NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH ANY OTHER APPLICABLE SECURITIES LAWS."

7.5.4 Confidential Information. Any financial or other information relating to the Company obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

7.6 ***Tax Withholding***. Upon any exercise, vesting, or payment of any Award or upon the disposition of Ordinary Shares acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company or any of its Affiliates shall have the right at its option to:

(a) require the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment;

(b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment; or

(c) reduce the number of Ordinary Shares to be delivered by (or otherwise reacquire shares held by the Participant) the appropriate number of Ordinary Shares, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld (including taxes in the PRC where applicable) in connection with the delivery of Ordinary Shares under this Plan (including the sale of Ordinary Shares as may be required to comply with foreign exchange rules in the PRC for Participants resident in the

PRC), the Administrator may in its sole discretion (subject to Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law. The Company may, with the Administrator's approval, accept one or more promissory notes from any Eligible Person in connection with taxes required to be withheld upon the exercise, vesting or payment of any Award under this Plan; provided that any such note shall be subject to terms and conditions established by the Administrator and the requirements of applicable law. Any such note need not otherwise comply with the provisions of Section 5.3.3.

7.7 ***Plan and Award Amendments, Termination and Suspension***.

7.7.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

7.7.2 Shareholder Approval. To the extent then required by applicable law or any applicable listing agency or required under Sections 162, 422 or 424 of the Code or other applicable tax law, rules or regulations, to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.

7.7.3 Amendments to Awards. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms and conditions of Awards.

7.7.4 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or amendment of any outstanding Award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.

7.8 ***Privileges of Share Ownership***. Except as otherwise expressly authorized by the Administrator, a Participant will not be entitled to any privilege of share ownership as to any Ordinary Shares not actually delivered to and held of record by the Participant. Except

as expressly required by Section 7.3.1, no adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of delivery.

7.9 ***Share-Based Awards in Substitution for Awards Granted by Other Company***. Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, restricted shares or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Affiliates, in connection with a distribution, merger, amalgamation or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Affiliates, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Ordinary Shares in the transaction and any change in the issuer of the security. Any shares that are delivered and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.

7.10 ***Effective Date of the Plan***. This Plan is effective upon the Effective Date, subject to approval by the shareholders of the Company within twelve months after the date the Board approves this Plan.

7.11 ***Term of the Plan***. Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

7.12 ***Governing Law/Severability***.

7.12.1 Choice of Law. This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of State of California.

7.12.2 Severability. If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.

7.13 ***Captions***. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

7.14 ***Non-Exclusivity of Plan***. Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Ordinary Shares, under any other plan or authority.

7.15 ***No Restriction on Corporate Powers***. The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the Company's authorized shares or the rights thereof; (d) any dissolution or liquidation of the Company or any Affiliate; (e) any sale or transfer of all or any part of the Company or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Company or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Affiliate, as a result of any such action.

7.16 ***Other Company Compensation or Benefit Programs***. Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or any Affiliate.

7.17 ***Clawback Policy***. The Awards granted under this Plan are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of Awards or any Ordinary Shares or other cash or property received with respect to the Awards (including any value received from a disposition of the shares acquired upon payment of the Awards).

8. DEFINITIONS.

"**Administrator**" has the meaning given to such term in Section 2.1.

"**Affiliate**" means (a) any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or (b) any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"**Award**" means an award of any Option or Share Award, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

"**Award Agreement**" means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved.

"**Award Date**" means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

"**Beneficiary**" means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant's executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

"**Board**" means the Board of Directors of the Company.

"**Cause**" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's Awards) a termination of employment or service based upon a finding by the Company or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Company or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Company or any of its Affiliates;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Company or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause.

"**Change in Control Event**" means any of the following:

(a) Approval by shareholders of the Company (or, if no shareholder approval is required, by the Board alone) of the complete dissolution or liquidation of the Company, other than in the context of a Business Combination that does not constitute a Change in Control Event under paragraph (c) below;

(b) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding Ordinary Shares of the Company (the "**Outstanding Company Ordinary Shares**") or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this paragraph (b), the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or a successor, (D) any acquisition by any entity pursuant to a Business Combination, (E) any acquisition by a Person described in and satisfying the conditions of Rule 13d-1(b) promulgated under the Exchange Act, or (F) any acquisition by a Person who is the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the Outstanding Company Ordinary Shares and/or the Outstanding Company Voting Securities on the Effective Date (or an affiliate, heir, descendant, or related party of or to such Person);

(c) Consummation of a reorganization, amalgamation, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any other entity a majority of whose outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company (a "**Subsidiary**"), a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or shares of another entity by the Company or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Ordinary Shares and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding ordinary or common shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets directly or through one or more subsidiaries (a "**Parent**")), and (2) no Person (excluding any individual or entity described in clauses (C), (E) or (F) of paragraph (b) above) beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, more than 50% of, respectively, the then-outstanding ordinary or common shares of the entity

resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination;

provided, however, that a transaction shall not constitute a Change in Control Event if it is in connection with the underwritten public offering of the Company's securities.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"**Company**" means Viomi Technology Co., Ltd, an exempted company organized under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and its successors.

"**Effective Date**" means the date the Board approved this Plan.

"**Eligible Person**" has the meaning given to such term in Section 3 of this Plan.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended from time to time.

"**Fair Market Value**," for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

(a) If the Ordinary Shares are listed or admitted to trade on the New York Stock Exchange or other national securities exchange (the "**Exchange**"), the Fair Market Value shall equal the closing price of an Ordinary Share as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Ordinary Shares were made on the Exchange on that date, the closing price of an Ordinary Share as reported on said composite tape for the next preceding day on which sales of Ordinary Shares were made on the Exchange. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the closing price of an Ordinary Share as reported on the composite tape for securities listed on the Exchange on the last trading day preceding the date in question or the average of the high and low trading prices of an Ordinary Share as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.

(b) If the Ordinary Shares are not listed or admitted to trade on a national securities exchange, the Fair Market Value shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances (with the expectation being that, in the case of a valuation as of a transaction in which Ordinary Shares or similar securities are being sold or exchanged, such determination by the Administrator will be principally based on the value of the consideration received by the holders of the securities sold or exchanged in such transaction).

The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular

Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be conclusive and binding on all persons with respect to Awards granted under this Plan.

"**Incentive Stock Option**" means an Option that is designated and intended as an "incentive stock option" within the meaning of Section 422 of the Code, the award of which contains such provisions (including but not limited to the receipt of shareholder approval of this Plan, if the award is made prior to such approval) and is made under such circumstances and to such persons as may be necessary to comply with that section.

"**Nonqualified Option**" means an Option that is not an "incentive stock option" within the meaning of Section 422 of the Code and includes any Option designated or intended as a Nonqualified Option and any Option designated or intended as an Incentive Stock Option that fails to meet the applicable legal requirements thereof.

"**Option**" means an option to purchase Ordinary Shares granted under Section 5 of this Plan. The Administrator will designate any Option granted to an employee of the Company or an Affiliate as a Nonqualified Option or an Incentive Stock Option and may also designate any Option as an Early Exercise Option.

"**Ordinary Shares**" means the Company's Ordinary Shares, par value US$0.0001 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

"**Participant**" means an Eligible Person who has been granted and holds an Award under this Plan.

"**Personal Representative**" means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

"**Plan**" means this Viomi Technology Co., Ltd Share Incentive Plan, as it may hereafter be amended from time to time.

"**Public Offering Date**" means the date the Ordinary Shares are first registered under the Exchange Act and listed or quoted on a recognized national securities exchange.

"**Restricted Shares**" means Ordinary Shares awarded to a Participant under this Plan, subject to payment of such consideration and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to this Plan and the related Award Agreement, to the extent such remain unvested and restricted under the terms of the applicable Award Agreement.

"**Restricted Share Award**" means an award of Restricted Shares.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended from time to time.

"**Severance Date**" with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

(a) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant's employment by the Company or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Company or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant's other services);

(b) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant's employment or other services);

(c) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Company or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the Participant actually provides services to the Company or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or is a member of the Board, in which case the Participant's Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant's employment or membership on the Board).

"**Share Award**" means an award of Ordinary Shares under Section 6 of this Plan. A Share Award may be a Restricted Share Award or an award of unrestricted Ordinary Shares.

"**Total Disability**" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code and, with respect to Awards other than Incentive Stock Options, such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

Exhibit 10.2

VIOMI TECHNOLOGY CO., LTD

2018 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of this 2018 Share Incentive Plan (the "Plan") is to promote the success and enhance the value of Viomi Technology Co., Ltd, an exempted company formed under the laws of the Cayman Islands (the "Company"), by linking the personal interests of the Directors, Employees, and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of the Directors, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "American Depository Share" means American depository shares, evidenced by American depository receipts issuable upon deposit of the Shares, each representing certain number of Shares.

2.2 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.3 "Award" means an Option, Restricted Share or Restricted Share Unit award granted to a Participant pursuant to the Plan.

2.4 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.5 "Board" means the Board of Directors of the Company.

2.6 "Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the

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Participant's Awards) a termination of employment or service based upon a finding by the Service Recipient, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Service Recipient, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a Disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Service Recipient; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Service Recipient;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Service Recipient; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Service Recipient or induced a principal for whom the Service Recipient acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Service Recipient first delivers written notice to the Participant of a finding of termination for Cause.

2.7 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.8 "Committee" means a committee of the Board described in Article 10.

2.9 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.10 "Corporate Transaction", unless otherwise defined in an Award Agreement, means any of the following transactions, *provided, however*, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.11 "Director", means a member of the Board or a member of the board of directors of any Subsidiary of the Company.

2.12 "Disability", unless otherwise defined in an Award Agreement, means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.13 "Effective Date" shall have the meaning set forth in Section 11.1.

2.14 "Employee" means any person, including an officer or a Director, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of

a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.15 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.16 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, the New York Stock Exchange or the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported on the website maintained by such exchange or market system or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such Shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b) above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such transaction, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

2.17 "Group Entity" means any of the Company and Subsidiaries of the Company.

2.18 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.19 "Independent Director" means (i) if the Shares or other securities representing the Shares are not listed on a stock exchange, a Director of the Company who is a Non-Employee Director; and (ii) if the Shares or other securities representing the Shares are listed on one or more stock exchange, a Director of the Company who meets the independence standards under the applicable corporate governance rules of the stock exchange(s).

2.20 "IPO" means the initial public offering of the Shares of the Company.

2.21 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.22 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.23 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.24 "Participant" means a person who, as a Director, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.25 "Parent" means a parent corporation under Section 424(e) of the Code.

2.26 "Plan" means this 2018 Share Incentive Plan of Viomi Technology Co., Ltd, as amended and/or restated from time to time.

2.27 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, or controls through contractual arrangements and consolidates the financial results according to applicable accounting standards, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.28 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.29 "Restricted Share Unit" means the right granted pursuant to Article 7.

2.30 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.31 "Service Recipient" means the Company or Subsidiary of the Company to which a Participant provides services as an Employee, a Consultant or a Director.

2.32 "Share" means the ordinary shares of the Company, including both Class A ordinary shares and Class B ordinary shares, par value US$0.001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 9.

2.33 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.34 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 9 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards is 17,672,728, plus an annual increase on the first day of each of the fiscal years of the Company during the term of this Plan commencing with the first fiscal year beginning January 1, 2019, by (i) an amount equal to 1.5% of the total number of the then outstanding Shares or (ii) such fewer number of Shares as may be determined by the Board].

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by a Group Entity shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, at the discretion of the Committee, any Shares distributed pursuant to an Award may be represented by American Depository Shares. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and Directors, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted

and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides, is employed, operates or is incorporated. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed price or a variable price related to the Fair Market Value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws or any exchange rule, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 12.1. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon

exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

(e) Effects of Termination of Employment or Service on Options. Termination of employment or service shall have the following effects on Options granted to the Participants:

(i) Dismissal for Cause. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient is terminated by the Service Recipient for Cause, the Participant's Options will terminate upon such termination, whether or not the Option is then vested and/or exercisable;

(ii) Death or Disability. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates as a result of the Participant's death or Disability:

(a) the Participant (or his or her legal representative or beneficiary, in the case of the Participant's Disability or death, respectively), will have until the date that is 12 months after the Participant's termination of employment to exercise the Participant's Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of employment on account of death or Disability;

(b) the Options, to the extent not vested and exercisable on the date of the Participant's termination of employment or service, shall terminate upon the Participant's termination of employment or service on account of death or Disability; and

(c) the Options, to the extent exercisable for the 12-month period following the Participant's termination of employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

(iii) Other Terminations of Employment or Service. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates for any reason other than a termination by the Service Recipient for Cause or because of the Participant's death or Disability:

(a) the Participant will have until the date that is 90 days after the Participant's termination of employment or service to exercise his or her Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of employment or service;

(b) the Options, to the extent not vested and exercisable on the date of the Participant's termination of employment or service, shall terminate upon the Participant's termination of employment or service; and

(c) the Options, to the extent exercisable for the 90-day period following the Participant's termination of employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or a Subsidiary of the Company. Incentive Share Options may not be granted to employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(b) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company or any Parent or Subsidiary of the Company may not be less than 110% of Fair Market Value on the date of grant and such Option may not be exercisable for more than five years from the date of grant.

(c) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(d) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(e) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

6.2 Restricted Shares Award Agreement. Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

6.3 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Shares). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however*, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.5 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.6 Removal of Restrictions. Except as otherwise provided in this Article 6, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 6.5 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (in its discretion) may establish procedures

regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

ARTICLE 7

RESTRICTED SHARE UNITS

7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.3 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

7.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided*, *however*, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

ARTICLE 8

PROVISIONS APPLICABLE TO AWARDS

8.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

8.2 No Transferability; Limited Exception to Transfer Restrictions.

8.2.1 Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 8.2, by applicable law and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

8.2.2 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 8.2.1 will not apply to:

(a) transfers to the Company or a Subsidiary;

(b) transfers by gift to "immediate family" as that term is defined in Rule 16a-1(e) of the Exchange Act;

(c) the designation of a beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution; or

(d) if the Participant has suffered a Disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative; or

(e) subject to the prior approval of the Committee or an executive officer or director of the Company authorized by the Committee, transfer to one or more natural persons who are the Participant's family members or entities owned and controlled by the Participant and/or the Participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant's family members, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee or may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company's lawful issue of securities.

Notwithstanding anything else in this Section 8.2.2 to the contrary, but subject to compliance with all Applicable Laws, Incentive Share Options,

Restricted Shares and Restricted Share Units will be subject to any and all transfer restrictions under the Code applicable to such Awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all Applicable Laws, any contemplated transfer by gift to "immediate family" as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the share plan administrator in order for it to be effective.

8.3 Beneficiaries. Notwithstanding Section 8.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

8.4 Performance Objectives and Other Terms. The Committee, in its discretion, shall set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of the Awards that will be granted or paid out to the Participants.

8.5 Share Certificates.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Shares pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other

restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(b) Notwithstanding anything herein to the contrary, unless otherwise determined by the Committee or required by Applicable Laws, the Company shall not deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded on the books of the Company or, as applicable, its transfer agent or share plan administrator.

8.6 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards and provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

8.7 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the People's Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 9

CHANGES IN CAPITAL STRUCTURE

9.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the

Shares or the price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

9.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without

payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of such Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date as determined by the Committee when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

9.3 Outstanding Awards — Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 9, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

9.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, and no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 10

ADMINISTRATION

10.1 Committee. The Plan shall be administered by the Board or a committee of one or more members of the Board (the "Committee") to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members, Independent Directors and executive officers of the Company. Reference to the Committee shall refer to the Board in absence of the Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to the Committee members, Independent Directors and executive officers of the Company and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

10.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved unanimously in writing all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of a Group Entity, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

10.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) designate Participants to receive Awards;

(b) determine the type or types of Awards to be granted to each Participant;

(c) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) decide all other matters that must be determined in connection with an Award;

(h) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(j) amend terms and conditions of Award Agreements; and

(k) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan, including design and adopt from time to time new types of Awards that are in compliance with Applicable Laws.

10.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 11

EFFECTIVE AND EXPIRATION DATE

11.1 Effective Date. The Plan shall become effective as of the date on which the Board adopts the Plan (the "Effective Date"). The Plan shall be ratified by the shareholders of the Company by written resolutions or at a meeting duly held in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association within 12 months of the Effective Date.

11.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 12

AMENDMENT, MODIFICATION, AND TERMINATION

12.1 Amendment, Modification, and Termination. At any time and from time to time, the Board may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 9), or (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant.

12.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 12.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 13

GENERAL PROVISIONS

13.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

13.2 No Shareholders Rights. No Award gives the Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

13.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any

income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by Applicable Laws to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy any income and payroll tax liabilities applicable to the Participant with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for the applicable income and payroll tax purposes that are applicable to such supplemental taxable income.

13.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or services of any Service Recipient.

13.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the relevant Group Entity.

13.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.7 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the any Group Entity except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.8 Expenses. The expenses of administering the Plan shall be borne by the Group Entities.

13.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

13.10 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

13.11 Limitations Applicable to Section 16 Persons. Notwithstanding anything herein to the contrary, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by the Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

13.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

13.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

13.14 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date, the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax

treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date.

13.15 Appendices. Subject to Section 12.1, the Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; provided, however, that no such supplements shall increase the share limitation contained in Section 3.1 of the Plan without the approval of the Board.

Exhibit 10.5

Voting Proxy Agreement

The Voting Proxy Agreement (hereinafter referred to as the "**Agreement**") is entered into by the following parties on [Execution Date]:

1. **All the shareholders listed in Annex I** (hereinafter individually and collectively referred to as the "**Shareholders**")

2. **[Name of WFOE]** (hereinafter referred to as the "**Sole Proprietorship**")
   Registered address:
   Legal representative:

3. **[Name of VIE]** (hereinafter referred to as the **"Company"**)
   Registered address:
   Legal representative:

(the above parties are hereinafter individually referred to as a **"Party"** and collectively as the **"Parties"**)

Whereas:

1. The Shareholders are the current registered shareholders of the Company and hold 100% of the Company's equity;

2. The Shareholders intend to entrust the individual designated by the Sole Proprietorship to exercise all the shareholders' voting right held in the Company and the Sole Proprietorship intends to designate the individual to accept such entrust.

The parties hereby agree as follows through friendly consultations:

Article 1 Entrust of Voting Rights

1.1 The Shareholders hereby irrevocably authorize the designee of the Sole Proprietorship (hereinafter referred to as the **"Trustee"**) to exercise, on their behalf, all their rights entitled as the Shareholders of the Company under the then-current articles of association of the Company as follows (hereinafter referred to as the **"Entrusted Rights"**):

(1) to act as the proxy of the Shareholders to propose to convene and attend the shareholders' meeting according to the articles of association of the Company;

(2) to act as the proxy of the Shareholders to exercise voting rights on all matters requiring discussion and resolution at the shareholders' meeting, including but not limited to the appointment and election of directors of the Company and other senior management to be appointed or removed by the Shareholders, and the sale or transfer of all or part of the equity held by the Shareholders in the Company;

(3) other shareholders' voting rights under the articles of association of the Company (including any other shareholders' voting rights set out in the articles of association as amended).

1.2 The Trustee shall perform the fiduciary obligations legally and diligently within the authorized scope specified in this Agreement; the Shareholders shall acknowledge and assume responsibilities for any legal consequences arising from the Trustee's exercise of the Entrusted Rights.

1.3 The Shareholders hereby agree that the Trustee is not required to seek opinion from the Shareholders prior to the exercise of the Entrusted Rights. However, the Trustee shall notify the Shareholders immediately of any resolution or proposal on convening a temporary shareholders' meeting after such resolution or proposal is made.

Article 2 Right to Information

2.1 For the purpose of exercising the Entrusted Rights, the Trustee is entitled to learn about any information in relation to the Company's operation, business, customers, finance, and employees, and review related materials. The Company shall use all its best endeavors to cooperate.

Article 3 Exercise of Entrusted Rights

3.1 The Shareholders shall offer full assistances to the Trustee with regard to the exercise of the Entrusted Rights, including timely execution of shareholders' resolution and other related legal documents adopted by the Trustee, such as documents to meet the requirement of governmental approvals, registrations or filings.

3.2 If at any time within the term of the Agreement, the grant or exercise of Entrusted Rights is impossible for whatever cause (excluding the breach of Agreement by the Shareholders and the Company), the parties shall seek a similar alternative solution, and if necessary, enter into supplementary agreement to amend or adjust the terms and conditions of this Agreement to assure the realization of the purpose of this Agreement.

Article 4 Obligation and Indemnity

4.1 The parties hereby acknowledge that the Sole Proprietorship shall not be required to be liable to or compensate any other party or any third party financially or otherwise for the exercise of the Entrusted Rights under this Agreement by its designated individuals.

4.2 The Shareholders and the Company agree to indemnify and hold the Sole Proprietorship harmless against all losses incurred as a result of the exercise of the Entrust Rights by the designated Trustee, including but not limited to losses resulted from litigations, demands, arbitrations, claims by any third

party or from administrative investigation, penalties, provided that such losses are not caused by the Trustee's willful default or gross negligence.

Article 5 Representations and Warranties

5.1 The Shareholders hereby separately represent and warrant as follows:

5.1.1 It has the complete and independent legal status and legal capacity has obtained appropriate authorization to execute, deliver and perform this Agreement, and may act as the subject of litigation independently.

5.1.2 It has full internal powers and authorizations for the signing and delivery of this Agreement and all other documents relating to the transactions referred to in this Agreement that it will sign, and it has full power and authority to complete the transactions described in this Agreement. This Agreement is legally and properly signed and delivered. This Agreement constitutes a legal and binding obligation on it and may be enforceable under the terms of this Agreement.

5.1.3 It is the registered legal shareholder of the Company at the time of entry into force of this Agreement. Except for the rights set out in this Agreement and the "Equity Pledge Agreement" and "Exclusive Option Agreement" signed by the Shareholders, the Company and the Sole Proprietorship, the Entrusted rights are free of any third party right. According to this Agreement, the Trustee may completely and fully exercise the Entrusted Rights in accordance with the then-current articles of associations of the Company.

5.2 The Sole Proprietorship and the Company hereby separately represent and warrant as follows:

5.2.1 It is a limited liability company properly registered and legally existing under the law of the place of registration. It has an independent legal entity qualification and has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may act as the subject of litigation independently.

5.2.2 It has full internal powers and authorizations for the signing and delivery of this Agreement and all other documents relating to the transactions referred to in this Agreement that it will sign, and it has full power and authority to complete the transactions described in this Agreement.

5.3 The Company further represents and warrants as follows:

5.3.1 The Shareholders are the registered legal shareholders of the Company at the time of entry into force of this Agreement. Except for the rights set out in this Agreement and the "Equity Pledge Agreement" and "Exclusive Option Agreement" signed by the Shareholders, the Company and the Sole Proprietorship, the Entrusted rights are free of any third party right. According to this Agreement, the Trustee may completely and fully exercise the Entrusted Rights in accordance with the then-current articles of associations of the Company.

Article 6 Duration of the Agreement

6.1 This Agreement shall become effective on the date of formal signing of all parties; unless the parties agree in writing to terminate in advance, this Agreement shall continue to be valid.

6.2 If any of the Shareholders transfer all its equity interest in the Company with the advance consent of the Sole Proprietorship, it shall cease to be a party of this Agreement, while the obligations and commitments of the other shareholders under this Agreement shall not be adversely affected.

Article 7 Notice

7.1 Any notice, request, claim and other correspondence required by this Agreement or made under this Agreement shall be delivered to the parties in writing.

7.2 If the above notice or other correspondence is sent by facsimile or telex, it shall be deemed to have been served upon delivery; if it is delivered by hand, it shall be deemed to have been served upon delivery in person; if it is sent by mail, it shall be deemed to have been served five (5) days after delivery.

Article 8 Confidentiality Obligations

8.1 Regardless of whether this Agreement is terminated, the parties shall keep the other parties' trade secrets, proprietary information, customer information and all other information of a confidential nature (hereinafter referred to as "**Confidential Information**") of any other party obtained during the entering into and performance of this Agreement strictly confidential. The party receiving the Confidential Information shall not disclose the Confidential Information to any other third party except for the prior written consent of the party disclosing the Confidential Information or disclosure as required by the relevant laws and regulations as well as the rules of the listing exchange where the affiliate of a party is listed. The party receiving the Confidential Information shall not use or indirectly use the Confidential Information, except for the purpose of performing this Agreement.

8.2 The following information is not confidential:

(a) any information previously known by the party receiving the information through legal means as proved by documentary evidence;

(b) information that enters the public field not due to the fault of the party receiving the information; or

(c) information legally obtained by the party receiving the information from other sources after receiving.

8.3 The party receiving the information may disclose Confidential Information to its employees and agents concerned or professionals it hired; nevertheless, the party receiving the information shall ensure that the above persons comply with the terms and conditions of this Agreement, and shall assume any liability arising from the violation of the relevant terms and conditions of this Agreement by the above persons.

8.4 Notwithstanding any other provisions of this Agreement, the validity of the provisions of this Article shall not be affected by the termination of this Agreement.

Article 9 Liability for Breach of Contract

9.1 The parties agree and confirm that if any party ("**the Defaulting Party**") materially violates any of the provisions of this Agreement or substantially fails to perform any of the obligations under this Agreement, it shall constitute the breach of contract under this Agreement ("**Default**") and other non-defaulting parties ("**the Observing Parties**") shall have the right to require the Defaulting Party to correct or take remedial measures within a reasonable period of time. If the Defaulting Party fails to correct or take remedial measures within a reasonable period of time or within ten (10) days after the other party has notified the Defaulting Party in writing of correction request:

9.1.1 If any shareholder or company is the Defaulting Party, the Sole Proprietorship shall have the right to terminate this Agreement and request the Defaulting Party to pay for damages;

9.1.2 If the Sole Proprietorship is the Defaulting Party, the Observing Party shall have the right to request the Defaulting Party to pay for damages; unless otherwise stipulated by law, it shall have no right to terminate or cancel this Agreement in any circumstances.

9.2 Notwithstanding any other provisions of this Agreement, the validity of the provisions of this Article shall not be affected by the suspension or termination of this Agreement.

Article 10 Miscellaneous

10.1 This Agreement is made in ( ) copies in Chinese with each party holding one (1) copy.

10.2 The conclusion, effectiveness, performance, modification, interpretation and termination of this Agreement shall be applicable to the PRC law.

10.3 Any disputes arising under this Agreement and relating to this Agreement shall be settled through negotiation between the parties. If the parties cannot reach a consensus within thirty (30) days after the dispute arises, the dispute may be submitted by any party to the China International Economic and Trade Arbitration Commission for arbitration according to the effective arbitration rules for the time being. The arbitration place is Beijing and the language used in the arbitration is Chinese. The arbitral award is the final decision and equally binding on the parties to this Agreement.

10.4 Any rights, powers, and remedies entitled to the parties by the terms of this Agreement shall not exclude any other rights, powers, and remedies entitled to the parties by the law and other terms of this Agreement and any party's execution of rights, powers and remedies shall not exclude the execution of other rights, powers and remedies entitled to such party.

10.5 The failure or delay to exercise any rights, powers and remedies (hereinafter referred to as "**Such Rights**") under this Agreement or entitled by the law shall not result in the waiver of Such Rights. The waiver of any and part of Such Rights shall not preclude such party from exercising Such Rights in other ways and exercising other Such Rights.

10.6 The headings of each section in this Agreement are for indexing purposes only. Such headings shall not be used for or affect the interpretation of the provisions of this Agreement.

10.7 Each term of this Agreement may be separated and independent of each other term. If any one or more of the terms of this Agreement becomes invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the other terms of this Agreement shall not be affected thereby. 10.8 Any amendments or additions to this Agreement must be made in writing and shall be effective only after all the parties have duly signed this Agreement.

10.9 Without the prior written consent of other parties, any party shall not transfer any of its rights and/or obligations under this Agreement to any third party.

10.10 This Agreement shall be binding on the legal successors of the parties.

[The remainder of this page is intentionally left blank]

[Signature Page of Voting Proxy Agreement]

It is hereby certified that the Voting Proxy Agreement is signed by the party hereunder at the date indicated at the beginning of this Agreement:

[Name of Shareholder]

Signature: /s/

It is hereby certified that the Shareholders' Voting Proxy Agreement is signed by the parties hereunder at the date indicated at the beginning of this Agreement

[Name of WFOE]
(Seal)

Signature: /s/
Name:
Position:

[Name of VIE]
(Seal)

Signature: /s/
Name:
Position:

Annex I:

Company's General Information

Company name: **[Name of VIE]**

Registered address:
Registered capital:

Legal representative:

Ownership structure:

Names of shareholders	Contribution in registered capital (RMB)	Percentage of contribution	ID number/company registration number
[Name of Shareholders]			
Total			—

Schedule of Material Differences

One or more persons entered into voting proxy agreement with Lequan Technology (Beijing) Co., Ltd. using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of WFOE	Name of Shareholder	Name of Variable Interest Entity (the "VIE")	% of Shareholder's Equity Interest in the VIE	Execution Date
1	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Foshan Yunmi Electric Appliances Technology Co., Ltd.	60%	July 21, 2015
2	Lequan Technology (Beijing) Co., Ltd.	Tianjin Jinxing Investment Company	Foshan Yunmi Electric Appliances Technology Co., Ltd.	40%	July 21, 2015
3	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Beijing Yunmi Technology Co., Ltd.	60%	July 21, 2015
4	Lequan Technology (Beijing) Co., Ltd.	De Liu	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015
5	Lequan Technology (Beijing) Co., Ltd.	Liping Cao	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015

Exhibit 10.6

Equity Pledge Agreement

This Equity Pledge Agreement (hereinafter referred to as "this Agreement") was executed by and among the following parties on [Execution Date]:

1. **Respective shareholders set out in Annex I** (hereinafter individually and collectively referred to as the "**Pledgors**")

2 [Name of Pledgee] (hereinafter referred to as the "**Pledgee**")
Registered address:
Legal representative:

3 [Name of VIE] (hereinafter referred to as the "**Company**")
Registered address:
Legal representative:

(In this Agreement, the aforesaid respective parties are individually referred to as a "**Party**" and collectively as the "**Parties**".)

Whereas:

(1) The Pledgors are registered shareholders of the Company and hold all the equity of the Company (hereinafter referred to as the "**equity of the Company**") according to law. Their contributions to the Company's registered capital and shareholding percentage as at the date of execution of this Agreement are set out in Annex I.

(2) According to the *Exclusive Option Agreement* (hereinafter referred to as the "**Option Agreement**") executed by the parties to this Agreement on [Execution Date], the Pledgors or the Company shall, where permitted by PRC Law and as required by the Pledgee, transfer all or part of its equity held in the Company or all or part of the Company's assets to the Pledgee and/or any other entities or individuals designated by it.

(3) Pursuant to the *Voting Proxy Agreement* (hereinafter referred to as the "**Voting Proxy Agreement**") executed by the parties to this Agreement on [Execution Date], the Pledgors have irrevocably and fully authorized the person appointed by the Pledgee to exercise on their behalves all of their shareholder's voting rights in the Company.

(4) According to the *Exclusive Consultation and Services Agreement* (hereinafter referred to as the "**Consultation and Services Agreement**") executed between the Company and the Pledgee on [Execution Date], the Company has exclusively engaged the Pledgee to provide relevant consultation services for it and agreed to pay corresponding service fees to the Pledgee for such consultation services.

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(5) As security for performance of the Contract Obligations (as defined below) and repayment of the Guaranteed Liabilities (as defined below) by the Pledgors, the Pledgors agree to pledge all of their equity of the Company to the Pledgee and grant the Pledgee the right to request for repayment on first priority and the Company agrees such equity pledge arrangement.

Therefore, the parties, upon negotiation, arrive at the following agreement:

Article 1 Definitions

1.1 Save as otherwise interpreted pursuant to the context, the following terms shall have the following meanings in this Agreement:

"**Contract Obligations**":	shall mean all contract obligations of the Pledgors under the Option Agreement and Voting Proxy Agreement, all contract obligations of the Company under the Exclusive Option Agreement, Voting Proxy Agreement and Consultation and Services Agreement, and all contract obligations of the Pledgors and the Company under this Agreement.
"**Guaranteed Liabilities**":	shall mean all direct, indirect and consequential losses and losses of foreseeable profits suffered by the Pledgee due to any Breaching Event (as defined below) of the Pledgors and/or the Company; the basis for the amount of such loss includes but is not limited to the reasonable business plan and profit forecast of the Pledgee, and all expenses incurred to the Pledgee for forcing the Pledgors and/or the Company to perform their Contract Obligations.
"**Transaction Agreements**":	shall mean the Option Agreement, Voting Proxy Agreement and Consultation and Services Agreement.
"**Breaching Event**":	shall mean the Pledgors' violation of any Contract Obligations under the Option Agreement, Voting Proxy Agreement and/or this Agreement, and the Company's violation of any Contract Obligations under the Option Agreement, Voting Proxy Agreement, Consultation and Services Agreement and/or this Agreement.
"**Pledged Equity**":	shall mean all of the equity of the Company that is legally owned by the Pledgors at the time when this Agreement takes effect and will be pledged to the Pledgee according to the provisions of this Agreement as security for the performance of Contract Obligations by the Pledgors and the Company (see Annex I for the specific pledged equity of each of the Pledgors), and the increased capital contribution and equity interest as described in Articles 2.6 and 2.7 hereof.

"**PRC Law**":	shall mean the then-effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the People's Republic of China.

1.2 The references to any PRC Law herein shall be deemed (1) simultaneously to include the references to the amendments, changes, supplements and re-enactment of such PRC Law, irrespective of whether they take effect before or after the execution of this Agreement, and (2) simultaneously to include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Except as otherwise stated in the context herein, all references to an article, clause, item or paragraph herein shall refer to the corresponding part of this Agreement.

Article 2 Equity Pledge

2.1 The Pledgors agree to pledge the pledged equity legally owned by them and at their disposal to the Pledgee as security for payment of the Guaranteed liabilities according to this Agreement. The Company agrees to the Pledgors pledge of the pledged equity to the Pledgee as specified in this Agreement. Specifically, on the date of execution of this Agreement, [Name of Pledgor] pledges his equity accounting for % of the Company's registered capital (equivalent to a contribution of RMB) to the Pledgee; and [Name of Pledgor] pledges its equity accounting for % of the Company's registered capital (equivalent to a contribution of RMB) to the Pledgee.

2.2 The Pledgors hereby undertake that they will be responsible for registering the arrangement of the equity pledge hereunder (the "**Equity Pledge**") with registration authorities of industry and commerce where the Company registers on the date of execution of this Agreement. The Company undertakes that it will do its best to cooperate with the Pledgors to complete the registration with authorities of industry and commerce under this Article. The equity pledge under this Agreement shall be established on the date when the pledge is registered with the registration authorities of industry and commerce where the Company registers.

2.3 During the valid term of this Agreement, except for the willful misconduct or gross negligence of the Pledgee which has direct cause and effect relationship with the reduction in value of the Pledged Equity, the Pledgee shall not be liable in any way, nor shall the Pledgors have any right to claim in any way or propose any demands on the Pledgee, in respect of the said reduction in value of the Pledged Equity.

2.4 To the extent not violating provision of Article 2.3 above, in case of any possibility of obvious reduction in value of the Pledged Equity which is sufficient to jeopardize the Pledgee's rights, the Pledgee may at any time auction or sell off the Pledged Equity on behalf of the Pledgors, and discuss with the Pledgors to use the proceeds from such auction or sale-off as pre-repayment of the Guaranteed Liabilities, or may submit such proceeds to the local notary institution where the Pledgee is domiciled for keeping (any fees incurred in relation thereto shall be borne by the Pledgee). In addition, as requested by the Pledgee, the Pledgors should provide other property as security for the Guaranteed Liabilities.

2.5 In case of any Breaching Event, the Pledgee shall have the right to dispose of the Pledged Equity in the way set out in Article 4 hereof.

2.6 With the prior consent of the Pledgee, the Pledgors may increase their capital contribution to the Company. Further contribution made by the Pledgors to the registered capital of the Company shall also be part of the Pledged Equity.

2.7 With the prior consent of the Pledgee, the Pledgors may be able to receive dividends or share profits from the Pledged Equity.

2.8 Where a Breaching Event occurs, the Pledgee has the right to dispose of any Pledged Equity of any of the Pledgors in accordance with the provisions of this Agreements.

Article 3 Release of Pledge

3.1 Upon full and complete performance of all the Contract Obligations and upon the full repayment of all the Guaranteed Liabilities by the Pledgors and the Company, the Pledgee shall, at the request of the Pledgors, release the equity pledge under this Agreement, and shall cooperate with the Pledgors to go through the formalities to cancel registration of the Equity Pledge. The reasonable fees incurred in connection with such release shall be borne by Pledgee.

Article 4 Disposal of the Pledged Equity

4.1 The Parties hereby agree that, in case of any Breaching Event, the Pledgee shall have the right to exercise, upon giving a written notice to the Pledgors, all of the remedial rights and powers enjoyable by it under PRC Law, Transaction Agreements and the terms hereof, including (but not limited to) being repaid in priority with proceeds from auctions or sale-offs of the Pledged Equity. The Pledgee shall not be liable for any loss as the result of its reasonable exercise of such rights and powers.

4.2 The Pledgee shall have the right to designate in writing its legal counsel or other agents to exercise on its behalf any and all rights and powers set out above, and neither the Pledgors nor the Company shall raise an objection.

4.3 For the reasonable costs incurred to the Pledgee in connection with its exercise of any or all rights and powers set out above, the Pledgee shall have the right to deduct the costs actually incurred from the proceeds acquired from the exercise of the rights and powers.

4.4 The proceeds that the Pledgee acquires from the exercise of its rights and powers shall be used in the priority order as follows:

First, to pay any cost incurred in connection with the disposal of the Pledged Equity and the Pledgee's exercise of its rights and powers (including remuneration paid to its legal counsels and agents);

Second, to pay any taxes and levies payable for the disposal of the Pledged Equity; and

Third, to repay the Pledgee for the Guaranteed Liabilities;

In case of any balance after payment of the above amounts, the Pledgee shall return it to the Pledgors or other persons entitled thereto according to the relevant laws and rules or submit it to the local notary institution where the Pledgee is domiciled for keeping (any fees incurred in relation thereto shall be borne by the Pledgee).

4.5 The Pledgee shall have the option to exercise, simultaneously or in certain sequence, any of the breach remedies enjoyable by it. The Pledgee shall not be obliged to exercise any other breach remedies before exercise of the right to the auctions or sale-offs of the Pledged Equity hereunder.

Article 5 Fees and Costs

5.1 All costs actually incurred in connection with the establishment of the Equity Pledge hereunder, including (but not limited to) stamp duties, any other taxes and all legal fees, shall be borne by the Parties respectively.

Article 6 Continuity and No Waiver

6.1 The Equity Pledge hereunder is a continuous guarantee, with its validity to continue until the full performance of the Contract Obligations or the full repayment of the Guaranteed Liabilities. Neither exemption or grace period granted by Pledgee to the Pledgors in respect of any breach of contract, nor delay by the Pledgee in exercising any of its rights under the Transaction Agreements and this Agreement shall affect the rights of the Pledgee under this Agreement, relevant PRC Law and the Transaction Agreements, the rights of the Pledgee to demand at any time thereafter the strict performance of the Transaction Agreements and this Agreement by the Pledgors or the rights that the Pledgee may be entitled to due to subsequent breach of the Transaction Agreements and/or this Agreement by the Pledgors.

Article 7 Representations and Warranties of the Pledgors

Each of the Pledgors hereby represents and warrants to the Pledgee as follows:

7.1 The Pledgors have full capacity and legal rights and abilities to sign this Agreement and assume the legal obligations hereunder.

7.2 All reports, documents and information concerning the Pledgors and all matters as required by this Agreement which are provided by the Pledgors to the Pledgee before this Agreement comes into effect are true and correct in all material aspects at the time when this Agreement comes into effect.

7.3 All reports, documents and information concerning the Pledgors and all matters as required by this Agreement which are provided by the Pledgors to the Pledgee after this Agreement comes into effect are true and correct in all material aspects at the time when they are provided.

7.4 At the time when this Agreement comes into effect, the Pledgors are the sole legal owners of the Pledged Equity, with no existing dispute whatsoever concerning the ownership of the Pledged Equity. The Pledgors have the right to dispose of the Pledged Equity or any part thereof.

7.5 Except for the encumbrance set on the Pledged Equity hereunder and the rights set under the Transaction Agreements, there is no other encumbrance, third party interest or any other restrictions set on the Pledged Equity.

7.6 The Pledged Equity is capable of being pledged or transferred according to the laws, and the Pledgors have the full right and power to pledge the Pledged Equity to the Pledgee according to this Agreement.

7.7 This Agreement constitutes the legal, valid and binding obligations on the Pledgors when it is duly executed by the Pledgors.

7.8 Any consent, permission, waiver or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities (if required by laws) with any government authority to be obtained in respect of the execution and performance hereof and the Equity Pledge hereunder have already been handled or obtained, and will be fully effective during the valid term of this Agreement.

7.9 The execution and performance of this Agreement by the Pledgors are not in violation of or conflict with any laws applicable to them, any agreement to which they are a party or which has binding effect on their assets, any court judgment, any arbitration award, or any administration authority’s decision.

7.10 The pledge hereunder constitutes the encumbrance of first order in priority on the Pledged Equity.

7.11 All taxes and fees payable in connection with acquisition of the Pledged Equity have already been paid in full by the Pledgors.

7.12 There is no pending or, to the knowledge of the Pledgors, threatened litigation, legal process or demand by any court or any arbitral tribunal against the Pledgors, or their property, or the Pledged Equity, nor is there any pending or, to the knowledge of the Pledgors, threatened litigation, legal process or demand by any government authority or any administration authority against the Pledgors, or their property, or the Pledged Equity, which is of material or detrimental effect on the economic status of the Pledgors or their capability to perform the obligations hereunder and the Guaranteed Liabilities.

7.13 The Pledgors hereby warrant to the Pledgee that the above representations and warranties will remain true and correct at any time and under any circumstance before the Contract Obligations are fully performed or the Guaranteed Liabilities are fully repaid, and will be fully complied with.

7.14 The Pledgors agree to immediately and unconditionally present any share profit, bonus, dividend and other incomes that they obtain from the Company during the contract period to the Pledgee or the entity/individual designated by the Pledgee.

7.15 If the Company is required to be dissolved or liquidated as per compulsory provisions of applicable laws, any interest distributed to the Pledgors according to law upon completion of legal dissolution or liquidation of the Company shall be presented to the Pledgee or the entity/individual designated by the Pledgee to the extent not in violation of the PRC Law.

Article 8 Representations and Warranties by the Company

The Company hereby represents and warrants to the Pledgee as follows

8.1 The Company is a limited liability company duly registered and legitimately existing under the PRC Law with an independent legal personality. It has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a party to lawsuit.

8.2 All reports, documents and information concerning the Pledged Equity and all matters as required by this Agreement which are provided by the Company to the Pledgee before this Agreement comes into effect are true and correct in all material aspects at the time when this Agreement comes into effect.

8.3 All reports, documents and information concerning the Pledged Equity and all matters as required by this Agreement which are provided by the Company to the Pledgee after this Agreement comes into effect are true and effective in all material aspects at the time when they are provided.

8.4 This Agreement constitutes the legal, valid and binding obligations on the Company when it is duly executed by the Company.

8.5 It has the full internal corporate power and authority to execute and deliver this Agreement and all other documents relating to the transactions specified herein and to be executed by it. It has the full power and authority to consummate the transactions specified herein.

8.6 There is no pending or, to the knowledge of the Company, threatened litigation, legal process or demand by any court or any arbitral tribunal against the Pledged Equity and the Company or its assets, nor is there any pending or, to the knowledge of the Company, threatened litigation, legal process or demand by any government authority or any administration authority against the Pledged Equity and the Company or its assets, which is of material or detrimental effect on the economic status of the Company or their capability to perform the obligations hereunder and the Guaranteed Liabilities.

8.7 The Company hereby agrees to bear joint responsibilities to the Pledgee in respect of the representations and warranties made by its relevant Pledgors to Article 7.4, Article 7.5, Article 7.6, Article 7.8 and Article 7.10 hereof.

8.8 The Company hereby warrants to the Pledgee that the above representations and warranties will remain true and correct at any time and under any circumstance before the Contract Obligations are fully performed or the Guaranteed Liabilities are fully repaid, and will be fully complied with.

8.9 If the Company is required to be dissolved or liquidated as per compulsory provisions of the PRC Law, the Company assets shall be sold to the Pledgors or qualified entities/individuals designated by the Pledgors at the lowest price permitted by the then-effective PRC Law in accordance with the PRC Law.

Article 9 Undertakings by the Pledgors

Each of the Pledgors hereby individually undertakes to the Pledgee as follows:

9.1 Without prior written consent of the Pledgee, the Pledgors shall not establish or permit to establish any new pledge or any other encumbrance on the Pledged Equity, and any pledge or any other encumbrance established on all or part of the Pledged Equity without prior written consent of the Pledgee shall be invalid.

9.2 Without prior written notice to the Pledgee and having the Pledgee’s prior written consent, the Pledgors shall not transfer the Pledged Equity, and any attempt by the Pledgors to transfer the Pledged Equity shall be null and void. The proceeds from transfer of the Pledged Equity by the Pledgors shall be used to repay to the Pledgee in advance the Guaranteed Liabilities or submit the same to the third party as agreed with the Pledgee.

9.3 In case of any litigation, arbitration or other demand which may affect detrimentally the interest of the Pledgors or the Pledgee under the Transaction Agreements and hereunder or the Pledged Equity, the Pledgors undertake to notify the Pledgee thereof in writing as soon as possible and promptly and shall take, at the reasonable request of the Pledgee, all necessary measures to ensure the pledge interest of the Pledgee in the Pledged Equity.

9.4 The Pledgors shall not carry on or permit any act or action which may affect detrimentally the interest of the Pledgee under the Transaction Agreements and hereunder or the Pledged Equity. The Pledgors shall waive the right of first refusal when the Pledgee realizes the pledge rights.

9.5 The Pledgors guarantee that they shall, at the reasonable request of the Pledgee, take all necessary measures and execute all necessary documents (including but not limited to supplementary agreement hereof) to ensure the pledge interest of the Pledgee in the Pledged Equity and the exercise and realization of the rights thereof.

9.6 In case of transfer of any Pledged Equity caused by the exercise of the right to the pledge hereunder, the Pledgors guarantee that they will take all necessary measures to realize such transfer.

9.7 The Pledgors shall ensure that the meeting convening procedures and voting methods and contents of the Company’s shareholders’ meeting or Board meeting held for the purpose of the conclusion of this Agreement and establishment and performance of the pledge rights are in compliance with laws, administrative rules or the Articles of Association.

9.8 Unless with the prior written consent of the Pledgee, the Pledgors shall have no right to transfer any rights and obligations thereof under this Agreement.

Article 10 Undertakings by the Company

10.1 Any consent, permission, waive or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities (if required by laws) with any government authority to be handled or obtained in respect of the execution and performance hereof and the Equity Pledge hereunder will be cooperated to handle or obtain by the Company to their best and will be ensured to remain full effective during the valid term of this Agreement.

10.2 Without the prior written consent of the Pledgee, the Company shall not cooperate to establish or permit to establish any new pledge or any other encumbrance on the Pledged Equity.

10.3 Without the prior written consent of the Pledgee, the Company shall not cooperate to transfer or permit to transfer the Pledged Equity.

10.4 In case of any litigation, arbitration or other demand which may affect detrimentally the interest of the Company, the Pledged Equity or the Pledgee under the Transaction Agreements and hereunder, the Company undertakes to notify the Pledgee thereof in writing as soon as possible and promptly and shall take, at the reasonable request of the Pledgee, all necessary measures to ensure the pledge interest of the Pledgee in the Pledged Equity.

10.5 The Company shall not carry on or permit any act or action which may affect detrimentally the interest of the Pledgee under the Transaction Agreements and hereunder or the Pledged Equity.

10.6 The Pledgors shall provide the Pledgee with the financial statement of the last calendar season within the first month of each calendar season, including (but not limited to) the balance sheet, the income statement and the statement of cash flow.

10.7 The Company guarantees that they shall, at the reasonable request of the Pledgee, take all necessary measures and execute all necessary documents (including but not limited to supplementary agreement hereof) to ensure the pledge interest of the Pledgee in the Pledged Equity and the exercise and realization of the rights thereof.

10.8 In case of transfer of any Pledged Equity caused by the exercise of the right to the pledge hereunder, the Company guarantees that they will take all necessary measures to realize such transfer.

Article 11 Change of Circumstances

11.1 As supplement and subject to compliance with other terms of the Transaction Agreements and this Agreement, in case that at any time the promulgation or change of any PRC Law, regulations or rules, or change in interpretation or application of such laws, regulations and rules, or the change of the relevant registration procedures enables the Pledgee to believe that it will be illegal or in conflict with such laws, regulations or rules to further maintain the effectiveness of this Agreement and/or dispose of the Pledged Equity in the way provided herein, the Pledgors and the Company shall, at the written direction of the Pledgee and in accordance with the reasonable request of the Pledgee, promptly take actions and/or execute any agreement or other document, in order to:

(1) keep this Agreement remain in effect;

(2) facilitate the disposal of the Pledged Equity in the way provided herein; and/or

(3) maintain or realize the intention or the guarantee established hereunder.

Article 12 Effectiveness and Term of This Agreement

12.1 This Agreement shall become effective upon due execution by all the Parties

12.2 This Agreement shall have its valid term until the full performance of the Contract Obligations or the full repayment of the Guaranteed Liabilities.

Article 13 Notice

13.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

13.2 If any of such notice or other correspondences is transmitted by facsimile or telex, it shall be deemed as served immediately upon transmission; if delivered in person, it shall be deemed as served at the time of delivery; if posted by mail, it shall be deemed as served five (5) days after posting

Article 14 Miscellaneous

14.1 The Pledgors and the Company agree that the Pledgee may, upon notice to the Pledgors and the Company, transfer its rights and/or obligations hereunder to any third party; and that without prior written consent of the Pledgee, neither the Pledgors nor the Company may transfer their respective rights, obligations or liabilities hereunder to any third party. Successors or permitted assignees (if any) of the Pledgors and the Company shall continue to perform the obligations of the Pledgors and the Company under this Agreement.

14.2 The sum of the Guaranteed Liabilities determined by the Pledgee at its discretion in its exercise of its rights of pledge with respect to the Pledged Equity in accordance with the terms hereof shall constitute the conclusive evidence for the Guaranteed Liabilities hereunder.

14.3 This Agreement is written in Chinese and executed in ( ) originals, with one (1) original to be retained by each Party hereto.

14.4 The execution, effectiveness, performance, revision, interpretation and termination of this Agreement shall be governed by the PRC Law.

14.5 Any dispute arising out of and in connection with this Agreement shall be resolved through consultations among the Parties. In case the Parties fail to reach an agreement within thirty (30) days after the dispute arises, such dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with such Commission's arbitration rules in effect at the time. The language used in arbitration shall be Chinese and the arbitration award shall be final and equally binding on the Parties hereto.

14.6 None of the rights, powers or remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, a Party's exercise of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

14.7 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law ("**Such Rights**") shall result in a waiver thereof, nor shall the waiver of any single or part of Such Rights shall exclude such Party from exercising Such Rights in any other way and exercising other rights of such Party.

14.8 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

14.9 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

14.10 Any amendments or supplements to this Agreement shall be made in writing. Except for assignment by the Pledgee of its rights hereunder according to Article 14.1 of this Agreement, the amendments or supplements to this Agreement shall take effect only when properly signed by the Parties to this Agreement.

14.11 This Agreement shall be binding on the legal successors of the Parties.

[The remainder of this page is intentionally left blank]

[Signature Page of Equity Pledge Agreement]

In witness whereof, this Equity Pledge Agreement is signed by the Parties on the date and at the place first above written.

[Name of Pledgor]

Signature: /s/

[Signature Page of Equity Pledge Agreement]

In witness whereof, this Equity Pledge Agreement is signed by the Parties on the date and at the place first above written.

[Name of Pledgee] (Seal)

Handwritten Signature:
Name:
Position:

[Name of VIE] (Seal)

Handwritten Signature:
Name:
Position:

Annex I:

Company's General Information

Company name: [Name of VIE]

Registered address:

Registered capital:

Legal representative:

Equity structure:

Names of shareholders	Contribution in registered capital (RMB)	Percentage of contribution	ID number/company registration number
[Name of Plegors]			
Total			—

Schedule of Material Differences

One or more persons entered into equity pledge agreement with Lequan Technology (Beijing) Co., Ltd. using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of Pledgee	Name of Pledgor	Name of Variable Interest Entity (the "VIE")	% of Pledgor's Equity Interest in the VIE	Execution Date
1	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Foshan Yunmi Electric Appliances Technology Co., Ltd.	60%	July 21, 2015
2	Lequan Technology (Beijing) Co., Ltd.	Tianjin Jinxing Investment Company	Foshan Yunmi Electric Appliances Technology Co., Ltd.	40%	July 21, 2015
3	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Beijing Yunmi Technology Co., Ltd.	60%	July 21, 2015
4	Lequan Technology (Beijing) Co., Ltd.	De Liu	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015
5	Lequan Technology (Beijing) Co., Ltd.	Liping Cao	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015

Exhibit 10.7

Exclusive Consultation and Services Agreement

This Exclusive Consultation and Service Agreement was entered into by and between the parties hereunder in Beijing, the People's Republic of China (hereinafter referred to as "**PRC"**) on [Execution Date]:

(1) **[Name of WFOE],** a wholly foreign-owned enterprise incorporated under the PRC law, whose registered address is … . and legal representative is (hereinafter referred to as **"Party A"**); and

(2) **[Name of VIE],** a limited liability company incorporated under the PRC law, whose registered address is and legal representative is (hereinafter referred to as **"Party B"**).

(In this Agreement, Party A and Party B may be individually referred to as **"the party"** and collectively as **"the parties"**).

WHEREAS:

1. Party A's business scope includes technology development, technology transfer, technical services, and technical consulting of water purification equipment, drinking water equipment and household appliances, wholesale of water purification equipment, drinking water equipment and household appliances, provision of after-sales service and commission agency for these products (except for auctions), technology import and export, and cargo import and export (not involving in state-run trade management commodities; application procedure shall be made for quota-licensed commodities in accordance with relevant state regulations). (For items that are subject to approval according to law, business activities shall be carried out after being approved by relevant departments subject to the approved contents.)

2. Party B's business scope includes R&D, design and manufacturing of water purification equipment, ionized water purification equipment, soft water equipment, drinking water equipment and its accessories, provision of after-sales service for the above products, construction, installation and maintenance of water purification projects. R&D and manufacturing of household appliances, electrical appliances, and kitchen appliances. Operating and acting on various types of commodities and technology import and export business. (For items that are subject to approval according to law, business activities shall be carried out after being approved by relevant departments)

3. Party B intends to employ Party A to provide software technology development, technical consulting and technical services related to Party B's business (as defined below) in order to promote the development of its own business; and Party A agrees to accept such employment.

NOW THEREFORE, upon friendly consultations, the parties agreed as follows:

Article 1 Definition

1.1 Unless otherwise understood in the terms or context of this Agreement, the following terms in this Agreement shall have the following meanings:

"**Party B's Business"**	All businesses that Party B is currently operating and developing at any time during the term of this Agreement.
"Service"	The services provided by Party A to Party B relating to Party B's business. Such services include, but are not limited to: (1) licensing Party B to use related software required by its business; (2) providing Party B with comprehensive solution for the information technology required by Party B's business; (3) daily management, maintenance and updating of hardware devices and databases; (4) development, maintenance and updating of related application software; (5) training professional and technical personnel for Party B; (6) assisting Party B in relevant technical and commercial information collection and market research; (7) introducing customers to Party B, and helping establish commercial and cooperative relationships between them; (8) providing Party B with suggestions and opinions on the establishment and improvement of its corporate structure, management system and department setting, and assisting Party B in improving its internal management system;

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(9) other relevant technical services and consulting services provided at the request of Party B from time to time as permitted by Chinese law.

"Service Team"	A team established by Party A for providing services under this Agreement to Party B; these members include the staff, third-party consultants and other workers hired by Party A.
"Service Fee"	All expenses that Party B shall pay to Party A for the services provided by Party A in accordance with Article 3 of this Agreement.
"Operating Income"	The income earned by Party B from operating its business during the year recorded in the "main business revenue" column of the audited balance sheet of Party B in accordance with the PRC accounting standards for any year during the validity of this Agreement.
"Annual Business Plan"	Party B's business development plan and budget report for the next calendar year formulated by Party B according to this Agreement before November 30 each year under the assistance of Party A.
"Equipment"	Any and all equipment owned and purchased by Party A from time to time and used for the purpose of providing services.

1.2 The reference to any law or regulation (hereinafter referred to as **"**the **law"**) in this Agreement shall be deemed as: (1) including the contents of the amendments, alterations, additions and reformulations of these laws, regardless of their effective time before or after the conclusion of this Agreement; and (2) including reference to other decisions, notices and regulations that have been formulated according to the provisions thereof or are effective as a result of the provisions thereof.

1.3 Unless otherwise indicated in the context of this Agreement, the clauses, sections, items and paragraphs referred to in this Agreement shall refer to the corresponding contents of this Agreement.

Article 2 Services of Party A

2.1 In order to better carry out the business, Party B needs Party A to provide services and Party A agrees to provide Party B with such services. For this purpose, Party B appoints Party A as its exclusive consulting and services provider. Party A shall exclusively provide Party B with the services defined in this Agreement, and Party A agrees to accept such appointment.

2.2 Party A shall provide services to Party B in accordance with the terms of this Agreement, and Party B shall provide convenience for Party A's services as far as possible.

2.3 Party A shall be equipped with various equipment and service teams that are reasonably required for the provision of services and buy and purchase new equipment and hire new employees according to the annual business plan and reasonable requirements of Party B to satisfy the need of Party A's provision of excellent services to Party B according to this Agreement. However, Party A may, at its discretion, replace any member of the service team, or change the specific service responsibilities of any member of the service team from time to time, provided that the replacement of such members or the change of service responsibilities will not have material adverse effect on Party B's daily operations.

2.4 Notwithstanding the other provisions of this Agreement, Party A shall have the right to independently designate any third party to provide any or all of the services under this Agreement, or to perform any of Party A's obligations under this Agreement on behalf of Party A. Party B hereby agrees that Party A has the right to transfer its rights and obligations under this Agreement to any third party.

Article 3 Service Fees

3.1 In respect of the services provided by Party A pursuant to this Agreement, Party B shall pay Party A the service fees by the method hereunder:

3.1.1 The service fees which are equivalent to 100% of the net income of Party B; and

3.1.2 Service fees for specific technical services provided by Party A from time to time as agreed between the parties.

3.2 Party B shall fully pay the service fees determined in accordance with Article 3.1 to Party A's designated bank account within three months after the end of each calendar year. If Party A changes its bank account number, Party A shall send a written notice to Party B seven (7) workdays in advance.

3.3 The parties agree that payment of the above service fees should in principle not cause difficulties in operation of any party in the current year. For the above purposes and within the limit of achieving the above principle, Party A may agree to delay the payment of service fees by Party B or, upon mutual negotiation, the proportion and/or the specific amount of the service fees to be paid by Party B to Party A under Article 3.1 may be adjusted in writing.

3.4 The service fees that Party B should pay to Party A under Article 3.1.2 shall be separately determined in writing according to the nature of the service and the workload.

Article 4 Obligations of Party B

4.1 The services provided by Party A under this Agreement are exclusive. During the term of this Agreement, without the prior written consent of Party A, Party B shall not enter into any written agreement or verbal agreement with any other third party in order to engage such third party to provide other services that are the same or similar to the services provided by Party A under this Agreement.

4.2 Party B shall provide Party A with the confirmed annual business plan for the next year before November 30 each year, so that Party A can arrange the corresponding service plan and purchase the required software, equipment, personnel and technical services. If Party B temporarily requires Party A to purchase equipment or hire staff, it shall consult with Party A fifteen (15) days in advance to reach a consensus between the parties.

4.3 In order to facilitate Party A's provision of services, Party B shall, in response to Party A's request, provide Party A with the required information in an accurate and timely manner.

4.4 Party B shall pay Party A the service fees on time and in full according to the provisions of Article 3 herein.

4.4 Party B shall maintain its good reputation and proactively expand business to maximize revenue.

4.5 The parties hereby confirm that according to the terms and conditions of the Equity Pledge Agreement signed between all registered shareholders at the time of signing of this Agreement by Party B (hereinafter referred to as **"Existing Shareholders"**) and Party A on [Execution Date], the Existing Shareholders have pledged their equity respectively held in Party B to Party A to guarantee the performance of the obligations of Party B under this Agreement.

4.6 During the term of this Agreement, Party B agrees to cooperate with Party A and its (direct or indirect) parent company to conduct related-party transaction audits and other types of audits, and provide Party A, its parent company, or its authorized auditors with operations, business, customers, finances, employees, and other relevant information and materials related to Party B, and agrees that Party A's parent company discloses such information and materials to meet the regulatory requirements of the securities listing market.

Article 5 Intellectual Property

5.1 Insofar as permitted by applicable laws and regulations of the People's Republic of China at the time, the intellectual property rights of the achievements made by Party A in the course of providing the services under this Agreement or the intellectual property rights (including but not limited to copyrights, patents, technical secrets, trade secrets, and others) developed by Party B based on Party A's intellectual property rights shall be owned by Party A. If PRC applicable laws and regulations clearly stipulate that such intellectual property rights are not owned by Party A, the intellectual property rights shall be firstly owned by Party B. When PRC laws and regulations permit the ownership by Party A, Party B shall transfer it to Party A at the lowest price permitted by law; if the law has no restriction on such minimum transfer price by then, Party B shall transfer the ownership of the intellectual property rights unconditionally and assist Party A in handling all government registration formalities for change of the intellectual property rights owner.

5.2 For the purpose of performing this Agreement, Party B may use the work achievements created by Party A in the course of providing the services under this Agreement in accordance with the provisions of this Agreement; nonetheless, this Agreement does not in any way permit Party B to use such work achievements in any way for any other purposes.

5.3 Either party guarantees to the other party that it will compensate the other party for any and all economic losses caused to the other party due to any infringement of other party's intellectual property rights (including copyrights, trademark rights, patent rights and proprietary technology).

Article 6 Confidentiality Obligations

6.1 During the term of this Agreement, all customer information and other relevant information (hereinafter referred to as **"customer information"**) related to Party B's business and Party A's services shall be owned by Party A.

6.2 Regardless of whether this Agreement is terminated, the parties shall keep the other party's trade secrets, proprietary information, customer information mutually owned by the parties and other relevant information, as well as non-public information (hereinafter referred to as **"confidential information"**) of any other party obtained during the performance of this Agreement strictly confidential. The party receiving the confidential information (hereinafter referred to as the **"Recipient"**) shall not disclose the confidential information or any part thereof to any other third party except for the prior written consent of the other party or disclosure as required by the relevant laws and regulations as well as the rules of the relevant stock exchange. The Recipient shall not use or indirectly use the confidential information or any part thereof, except for the purpose of performing this Agreement.

6.3 The following information is not confidential:

(a) any information previously known by the Recipient as proved by documentary evidence;

(b) information that entered the public field not due to the fault of the Recipient or is known to the public due to other reasons; or

(c) The information legally obtained by the Recipient from other sources afterwards.

6.4 The Recipient may disclose confidential information to its employees and agents concerned or professionals it hired; nevertheless, the Recipient shall ensure that the above persons are bound by this Agreement, so that the confidential information is kept confidential, and they only use the confidential information for the purpose of performing the Agreement.

6.5 Once the Agreement is terminated, the Recipient of the confidential information shall return any documents, data or software containing confidential information to the original owner or provider of confidential information, or destroy such documents, data or software with the consent of the original

owner or provider, including deletion of any confidential information from any associated storage device, and may not continue to use such confidential information.

6.6 The parties agree that the terms of the Agreement will continue to be valid regardless of whether the Agreement is changed, cancelled or terminated.

Article 7 Commitment and Guarantee

7.1 Party A hereby declares and guarantees as follows:

7.1.1 It is a limited liability company properly registered and legally existing under the law of the place of registration. It has an independent legal entity qualification and has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

7.1.2 It has full internal powers and authorizations for the signing and delivery of this Agreement and all other documents relating to the transactions referred to in this Agreement that it will sign, and it has full power and authority to complete the transactions described in this Agreement. This Agreement is legally and properly signed and delivered. This Agreement constitutes a legal and binding obligation on it and may be enforceable under the terms of this Agreement.

7.2 Party B hereby declares and guarantees as follows:

7.2.1 It is a limited liability company properly registered and legally existing under the law of the place of registration. It has an independent legal entity qualification and has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may act as the subject of litigation independently.

7.2.2 It has full internal powers and authorizations for the signing and delivery of this Agreement and all other documents relating to the transactions referred to in this Agreement that it will sign, and it has full power and authority to complete the transactions described in this Agreement. This Agreement is legally and properly signed and delivered. This Agreement constitutes a legal and binding obligation on it and may be enforceable under the terms of this Agreement.

7.2.3 When the Agreement comes into force, it has the complete operating license required for its operation and has full rights and qualifications to conduct the business of Party B that it is currently engaged within the territory of China.

7.2.4 It shall promptly notify Party A of the lawsuits and other unfavorable circumstances and shall make its best efforts to prevent the loss from expanding.

7.2.5 Without the written consent of Party A, Party B shall not dispose of Party B's important assets in any form, nor shall it change the existing shareholding structure of Party B.

7.2.6 It shall not enter into transactions that may materially affect Party B's assets, liabilities, business operations, shareholding structure, equity held by third parties and other legal rights (except for generating in the course of normal or daily operations, disclosing to Party A or obtaining written consent of Party A).

Article 8 Duration of the Agreement

8.1 The parties hereby confirm that this Agreement has been formally signed by the parties. Unless the parties agree in writing to terminate the Agreement, or this Agreement must be terminated in accordance with applicable PRC laws and regulations, this Agreement shall continue to be valid.

8.2 The parties to the Agreement shall complete the approval and registration procedures for extending the operating period within three months prior to the expiration of their respective operating periods, so that the validity period of this Agreement can be sustained.

8.3 After termination of this Agreement, the parties shall continue to observe the obligations under Articles 3 and 6 of this Agreement respectively.

Article 9 Notice

9.1 Any notice, request, claim and other correspondence required by this Agreement or made under this Agreement shall be delivered to the parties in writing.

9.2 If the above notice or other correspondence is sent by facsimile, it shall be deemed to have been served upon delivery; if it is delivered by hand, it shall be deemed to have been served upon delivery in person; if it is sent by mail, it shall be deemed to have been served five (5) days after delivery.

Article 10 Liability for Breach of Contract

10.1 The parties agree and confirm that if any party (hereinafter referred to as the "**Defaulting Party**") materially violates any of the provisions of this Agreement or substantially fails to perform any of the obligations under this Agreement, it shall constitute the breach of contract under this Agreement (hereinafter referred to as "**Default**") and the observing party shall have the right to require the Defaulting Party to correct or take remedial measures within a reasonable period of time. If the Defaulting Party fails to correct or take remedial measures within a reasonable period of time or within ten (10) days after the observing party has notified the Breaching Party in writing of correction request, the observing party shall have the right to determine at its discretion:

10.1.1 If Party B is the Defaulting Party, Party A shall have the right to terminate this Agreement and request the Defaulting Party to pay for damages;

10.1.2 If Party A is the Defaulting Party, Party B shall have the right to request the Defaulting Party to pay for damages; unless otherwise stipulated by law, it shall have no right to terminate or cancel this Agreement in any circumstances.

10.2 Notwithstanding any other provisions of this Agreement, the validity of the provisions of Article 10 shall not be affected by the suspension or termination of this Agreement.

Article 11 Force Majeure

If any party fails to perform the Agreement or cannot perform the Agreement according to the agreed conditions due to an earthquake, typhoon, flood, fire, war, policy, legal change, or other unforeseen or inevitable or unavoidable force majeure events, the party suffering the force majeure event shall immediately send a notice by fax and provide documents containing the detailed description of force majeure events and the reason for failure or delay to perform the Agreement within thirty (30) days. Such proof documents shall be issued by the notary organization in the area where the force majeure events occur. The party suffering the force majeure events shall take appropriate measures to reduce or eliminate the effects of force majeure events and shall endeavor to restore the performance of the obligation to be delayed or impeded by force majeure events. Based on the impact of force majeure events on the performance of this Agreement, the parties shall negotiate whether this Agreement should be partially exempted or extended. The parties shall not be liable for the economic losses caused to each other due to force majeure events.

Article 12 Miscellaneous

12.1 This Agreement is made in duplicate in Chinese with each party holding one (1) copy.

12.2 The conclusion, effectiveness, performance, modification, interpretation and termination of this Agreement shall be applicable to the PRC law.

12.3 Any disputes arising under this Agreement and relating to this Agreement shall be settled through negotiation between the parties. If the parties cannot reach a consensus within thirty (30) days after the dispute arises, the dispute shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration according to the effective arbitration rules for the time being. The arbitration place is Beijing and the language used in the arbitration is Chinese. The arbitral award is the final decision and equally binding on the parties to this Agreement.

12.4 Any rights, powers and remedies entitled to the parties by the terms of this Agreement shall not exclude any other rights, powers and remedies entitled to the parties by the law and other terms of this Agreement and any party's execution of rights, powers and remedies shall not exclude the execution of other rights, powers and remedies entitled to such party.

12.5 The failure or delay to exercise any rights, powers and remedies (hereinafter referred to as **"Such Rights"**) under this Agreement or entitled by the law shall not result in the waiver of Such Rights. The waiver of any and part of Such Rights shall not preclude such party from exercising Such Rights in other ways and exercising other Such Rights.

12.6 The headings of each section in this Agreement are for indexing purposes only. Such headings shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.

12.7 This Agreement supersedes any other written or oral agreements previously entered into between the parties relating to the matters stipulated in this Agreement and constitutes the entire agreement between the parties.

12.8 Each term of this Agreement may be separated and independent of each other term. If any one or more of the terms of this Agreement becomes invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the other terms of this Agreement shall not be affected thereby.

12.9 Any amendments or additions to this Agreement must be made in writing and shall be effective only after the parties duly sign this Agreement.

12.10 Without the prior written consent of Party A, Party B shall not transfer any of its rights and/or obligations under this Agreement to any third party. Party A has the right to transfer any of its rights and/or obligations under this Agreement to any designated third party after notifying Party B, without violating the PRC laws.

12.11 This Agreement shall be binding on the legal successors of the parties.

12.12 The parties undertake that they will respectively declare and pay taxes and fees involved in transactions under this Agreement in accordance with law.

[End of body]

[Signature Page of Exclusive Consultation and Service Agreement]

It is hereby certified that the Exclusive Consultation and Service Agreement is signed by and between the parties hereunder at the date and place indicated at the beginning of this Agreement:

[Name of WFOE],
(Seal)

Signature: /s/
Name:
Position:

[Name of VIE],
(Seal)

Signature: /s/
Name:
Position:

Schedule of Material Differences

Two entities entered into exclusive consultation and services agreement with Lequan Technology (Beijing) Co., Ltd. using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of WFOE	Name of Variable Interest Entity (the "VIE")	Execution Date
1	Lequan Technology (Beijing) Co., Ltd.	Foshan Yunmi Electric Appliances Technology Co., Ltd.	July 21, 2015
2	Lequan Technology (Beijing) Co., Ltd.	Beijing Yunmi Technology Co., Ltd.	July 21, 2015

Exhibit 10.8

Exclusive Option Agreement

This Exclusive Option Agreement (hereinafter referred to as "**this Agreement**") was entered into between the following parties on [Execution Date]:

1. **Respective individual shareholders set out in Annex I** (hereinafter individually and collectively referred to as "**Existing Shareholders**")

2. **[Name of WFOE]** (hereinafter referred to as the "**WFOE**")
Registered address:
Legal representative:

3. **[Name of VIE]** (hereinafter referred to as the "**Company**")
Registered address:
Legal representative:

(In this Agreement, the aforesaid respective parties are individually referred to as a "**Party**" and collectively as the "**Parties**".)

Whereas:

(1) The Existing Shareholders are registered shareholders of the Company who hold all the equity of the Company according to law. Their contributions to the Company Registered Capital and shareholding percentage as at the date of execution of this Agreement are set out in Annex I.

(2) To the extent not in violation of the PRC Law, the Existing shareholders intend to transfer to the WFOE all their respective equity in the Company, and the WFOE intends to accept such transfer.

(3) To the extent not in violation of the PRC Law, the Company intends to transfer its assets to the WFOE, and the WFOE intends to accept such transfer.

(4) For the purpose of the foregoing transfer of equity or assets, the Existing Shareholders and the Company agree to grant the WFOE the exclusive and irrevocable Equity Transfer Option and Asset Purchase Option respectively. Pursuant to such Equity Transfer Option and Asset Purchase Option, at the WFOE's request, the Existing Shareholders or the Company shall, to the extent permitted by the PRC Law, transfer the Option Equity or the Company Assets (as defined below) to the WFOE and/or any other entity or individual designated by the WFOE pursuant to the provisions of this Agreement.

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(5) The Existing Shareholders agree that the Company grants the Asset Purchase Option to the WFOE according to this Agreement.

Therefore, the parties, upon negotiation, arrive at the following agreement:

Article 1 Definitions

1.1 Save as otherwise interpreted pursuant to the context, the following terms shall have the following meanings in this Agreement:

"**PRC Law**":	shall mean the then effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the People's Republic of China.

"**Equity Transfer Option**":	shall mean the required option to purchase the equity in the Company as granted to the WFOE by the Existing Shareholders pursuant to the terms and conditions of this Agreement.
"**Asset Purchase Option**":	shall mean the required option to purchase any Company Assets as granted to the WFOE by the Company pursuant to the terms and conditions of this Agreement.
"**Option Equity**":	shall mean, in respect of each of the Existing Shareholders, all the equity held by him in the Company Registered Capital (as defined below) respectively; in respect of all the Existing Shareholders, the equity covering 100% of the Company Registered Capital.
"**Company Registered Capital**":	shall mean the Company Registered Capital as of the date of execution of this Agreement, i.e. RMB12.5 million, which also includes any expanded registered capital as a result of any capital increase in any form within the validity period of this Agreement.
"**Transferred Equity**":	shall mean the equity in the Company which the WFOE has the right to request any of the Existing Shareholders to transfer to it or its designated entity or individual in accordance with Article 3 hereof when the WFOE exercises its Equity Transfer Option, the quantity of which may be all or part of the Option Equity and the specific amount of which shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and based on its commercial consideration.
"**Transferred Assets**":	shall mean the Company Assets which the WFOE has the right to request the Company to transfer to it or its designated entity or individual in accordance with Article 3 hereof when

	the WFOE exercises its Asset Purchase Option, the quantity of which may be all or part of the Company Assets and the details of which shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and based on its commercial consideration.
"**Exercise of Option**":	shall mean the exercising of the Equity Transfer Option or the Asset Purchase Option by the WFOE.
"**Transfer Price**":	shall mean all the consideration that the WFOE or its designated entity or individual is required to pay to the Existing Shareholders or the Company in order to obtain the Transferred Equity or the Company Assets upon each Exercise of Option.
"**Business Permits**":	shall mean any approvals, permits, filings and registrations, etc. which the Company is required to have for legally and validly operating all its businesses, including but not limited to *Business License of Enterprise as Legal Person*, *Tax Registration Certificate* and other relevant permits and licenses as required by the then effective PRC Law.
"**Company Assets**":	shall mean all the tangible and intangible assets which the Company owns or has the right to dispose of during the validity period of this Agreement, including but not limited to any immovable and movable assets, as well as intellectual properties such as trademarks, copyrights, patents, know-how, domain names and software use rights.
"**Material Agreement**":	shall mean any agreement to which the Company is a party and which has a material impact on the business or assets of the Company, including but not limited to the *Exclusive Consultation and Service Agreement* executed by the Company and the WFOE together with this Agreement and other important agreements regarding the business of the Company.
"**Exercise Notice**":	shall have the meaning prescribed to such term in Article 3.7 hereof.
"**Confidential Information**":	shall have the meaning prescribed to such term in Article 8.1 hereof.
"**Defaulting Party**":	shall have the meaning prescribed to such term in Article 11.1 hereof.
"**Default**":	shall have the meaning prescribed to such term in Article 11.1 hereof.
"**Rights of such Party**":	shall have the meaning prescribed to such term in Article 12.5 hereof.

1.2 The references to any PRC Law herein shall be deemed:

(1) simultaneously to include the references to the amendments, changes, supplements and re-enactment of such PRC Law, irrespective of whether they take effect before or after the execution of this Agreement; and

(2) simultaneously to include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Except as otherwise stated in the context herein, all references to an article, clause, item or paragraph herein shall refer to the corresponding part of this Agreement.

Article 2 Grant of Equity Transfer Option and Asset Purchase Option

2.1 The Existing Shareholders hereby severally and jointly agree to grant the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option. Pursuant to such Equity Transfer Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Existing Shareholders to transfer the Option Equity to the WFOE or its designated entity or individual according to the terms and conditions of this Agreement. The WFOE also agrees to accept such Equity Transfer Option.

2.2 The Company hereby agrees that the Existing Shareholders grant such Equity Transfer Option to the WFOE according to Article 2.1 above and other provisions of this Agreement.

2.3 The Company hereby agrees to grant the WFOE an irrevocable, unconditional and exclusive Asset Purchase Option. Pursuant to such Asset Purchase Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Company to transfer any or part of the Company Assets to the WFOE or its designated entity or individual according to the terms and conditions of this Agreement. The WFOE also agrees to accept such Asset Purchase Option.

2.4 The Existing Shareholders hereby severally and jointly agree that the Company grants such Asset Purchase Option to the WFOE according to Article 2.3 above and other provisions of this Agreement.

Article 3 Method of Exercise of Option

3.1 Subject to the terms and conditions of this Agreement, the WFOE shall have the absolute sole discretion to determine the specific time, method and times of its Exercise of Option to the extent permitted by the PRC Law.

3.2 Subject to the terms and conditions of this Agreement and to the extent not in violation of the then effective PRC Law, the WFOE shall have the right to, at any time, request to acquire all or part of the Company's equity from the Existing Shareholders by itself or through other entity or individual designated by it.

3.3 Subject to the terms and conditions of this Agreement and to the extent not in violation of the then effective PRC Law, the WFOE shall have the right to, at any time, request to acquire all or part of the Company Assets from the Company by itself or through other entity or individual designated by it.

3.4 With regard to the Equity Transfer Option, at each Exercise of Option, the WFOE shall have the right to arbitrarily determine the amount of the Transferred Equity which shall be transferred by the Existing Shareholders to the WFOE and/or other entity or individual designated by it. The Existing Shareholders shall respectively transfer the Transferred Equity to the WFOE and/or other entity or individual designated by it in the amount requested by the WFOE. The WFOE and/or other entity or individual designated by it shall pay the Transfer Price with respect to the Transferred Equity acquired at each Exercise of Option to the Existing Shareholders transferring such Transferred Equity.

3.5 With regard to the Asset Purchase Option, at each Exercise of Option, the WFOE shall have the right to determine the specific Company Assets which shall be transferred by the Company to the WFOE and/or other entity or individual designated by it. The Company shall transfer the Transferred Assets to the WFOE and/or other entity or individual designated by it as per the requirements of the WFOE. The WFOE and/or other entity or individual designated by it shall pay the Transfer Price to the Company with respect to the Transferred Assets acquired at each Exercise of Option.

3.6 At each Exercise of Option, the WFOE may acquire the Transferred Equity or Transferred Assets by itself or designate any third party to acquire all or part of the Transferred Equity or Transferred Assets.

3.7 Having decided each Exercise of Option, the WFOE shall issue to the Existing Shareholders or the Company a notice for exercising the Equity Transfer Option or a notice for exercising the Asset Purchase Option (hereinafter referred to as **"Exercise Notice"**, the form of which is set out in Annex II and Annex III hereto). The Existing Shareholders or the Company shall, upon receipt of the Exercise Notice, forthwith make a one-time transfer of all the Transferred Equity in accordance with the Exercise Notice to the WFOE and/or any other entity or individual designated by the WFOE in such method as described in Article 3.4 or Article 3.5 hereof.

Article 4 Transfer Price

4.1 With regard to the Equity Transfer Option, the total Transfer Price which shall be paid by the WFOE or any entity or individual designated by the WFOE to the respective shareholders at each Exercise of Option by the WFOE shall be the capital contribution corresponding to the corresponding Transferred Equity in the Registered Capital of the Target Company or the lowest price permitted by the then effective PRC Law, whichever is the lower. The respective shareholders, who undertake and agree that they have obtained adequate compensation from the WFOE, shall return in full the equity transfer price received by them to the WFOE or any entity or individual designated by the WFOE within ten (10) workdays after obtaining the equity transfer price.

4.2 With regard to the Asset Purchase Option, the WFOE or any entity or individual designated by it shall pay to the Target Company the lowest price permitted by the then effective PRC Law at each Exercise of Option by the WFOE. The Target Company, who undertakes and agrees that it has obtained adequate compensation from the WFOE, shall return in full the asset transfer price received by it to the WFOE or any entity or individual designated by the WFOE within ten (10) workdays after obtaining the asset transfer price.

Article 5 Representations and Warranties

5.1 The Existing Shareholders hereby severally and jointly represent and warrant that:

5.1.1 The Existing Shareholders are Chinese citizens with full capacity. They have the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.1.2 The Company is a limited liability company duly registered and legitimately existing under the PRC Law with an independent legal personality. It has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.1.3 They have the full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction specified herein and to be executed by them. They have the full power and authority to consummate the transaction specified herein.

5.1.4 This Agreement is legally and duly executed and delivered by the Existing Shareholders. This Agreement shall constitute their legal and binding obligations and may be enforceable against them in accordance with the terms of this Agreement.

5.1.5 The Existing Shareholders are the registered legitimate owners of the Option Equity as of the effective date of this Agreement, and except for the pledge set under the *Equity Pledge Agreement* signed by and among the Company, the WFOE and the Existing Shareholders on [Execution Date] and entrusted rights set under the *Voting Proxy Agreement* signed on [Execution Date], the Option Equity is free from and clear of any lien, pledge, claim and other real rights for security and third party rights. Pursuant to this Agreement, the WFOE and/or other

entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Transferred Equity, free from and clear of any lien, pledge, claim and other real rights for security or third party rights.

5.1.6 To the knowledge of the Existing Shareholders, the Company Assets are free from and clear of any lien, mortgage, claim and other real rights for security and third party rights. Pursuant to this Agreement, the WFOE and/or other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Company Assets, free from and clear of any lien, mortgage, claim and other real rights for security or third party rights.

5.1.7 Unless as mandatorily required by the PRC Law, the Existing Shareholders shall not request the Company to declare the distribution of or in practice release any distributable profit, bonus or dividend; the Existing Shareholders shall, in compliance with the PRC Law, promptly gift any profit, bonus or dividend obtained by them from the Company to the WFOE and/or any qualified entity or individual designated by the WFOE.

5.2 The Company hereby represents and warrants that:

5.2.1 The Company is a limited liability company duly registered and legitimately existing under the PRC Law with an independent legal personality. The Company has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.2.2 The Company has the full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction specified herein and to be executed by it. It has the full power and authority to consummate the transaction specified herein.

5.2.3 This Agreement is legally and duly executed and delivered by the Company. This Agreement shall constitute the legal and binding obligation against it.

5.2.4 The Company Assets are free from and clear of any lien, mortgage, claim and other real rights for security and third party rights. Pursuant to this Agreement, the WFOE and/or other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Company Assets, free from and clear of any lien, mortgage, claim and other real rights for security or third party rights.

5.2.5 Unless as mandatorily required by the PRC Law, the Company shall not declare the distribution of or in practice release any distributable profit, bonus or dividend.

5.3 The WFOE hereby represents and warrants that:

5.3.1 The WFOE is a wholly foreign-owned enterprise duly registered and legitimately existing under the PRC Law with an independent legal personality. The WFOE has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.3.2 The WFOE has the full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction specified herein and to be executed by it. It has the full power and authority to consummate the transaction specified herein.

5.3.3 This Agreement is legally and duly executed and delivered by the WFOE. This Agreement shall constitute the legal and binding obligation against it.

Article 6 Undertakings by the Existing Shareholders

The Existing Shareholders hereby severally undertake that:

6.1 Within the validity period of this Agreement, without the WFOE’s prior written consent:

6.1.1 any Existing Shareholders shall not transfer or otherwise dispose of any Option Equity or create any real right for security or other third party rights on any Option Equity;

6.1.2 he shall not increase or decrease the Company Registered Capital or cause the Company to be merged with any other entity;

6.1.3 he shall not dispose of or cause the management of the Company to dispose of any material Company assets (excluding those incurred during normal operation);

6.1.4 he shall not terminate or cause the management of the Company to terminate any Material Agreement entered into by the Company, or enter into any other agreement in conflict with the existing Material Agreements;

6.1.5 he shall not appoint or dismiss and replace any director or supervisor of the Company or any other management personnel of the Company who shall be appointed or dismissed by the Existing Shareholders;

6.1.6 he shall not cause the Company to declare the distribution of or in practice release any distributable profit, bonus or dividend;

6.1.7 he shall ensure that the Company validly exists and is not terminated, liquidated or dissolved;

6.1.8 he shall not amend the articles of association of the Company; and

6.1.9 he shall ensure that the Company will not lend or borrow any money, or provide any guaranty or engage in security activities in any other form, or bear any substantial obligations excluding those incurred during normal operation.

6.2 Within the validity period of this Agreement, he shall use his best endeavour to develop the business of the Company and ensure that the Company's operations are legal and in compliance with the regulations, and he will not engage in any act or omission which may damage the Company Assets and goodwill or affect the validity of the Business Permits of the Company.

6.3 Within the validity period of this Agreement, he shall promptly notify the WFOE of any circumstances that may have a material adverse effect on the existence, business operations, financial conditions, assets or goodwill of the Company and promptly take all the measures approved by the WFOE to remove such adverse circumstances or take effective remedial measures with respect thereto.

6.4 Once the WFOE gives the Exercise Notice:

6.4.1 he shall promptly convene a shareholders' meeting, pass shareholders' resolutions and take all other necessary actions to approve any Existing Shareholders or the Company to transfer all the Transferred Equity or the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE, and waive any pre-emptive right to purchase enjoyed by him (if any);

6.4.2 he shall promptly enter into an equity transfer agreement with the WFOE and/or any other equity or individual designated by the WFOE to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE, and provide necessary support to the WFOE (including provision and execution of all relevant legal documents, performance of all government approval and resignation procedures and assumption of all relevant obligations) in accordance with the WFOE's requirements and laws and regulations so that the WFOE and/or any other entity or individual designated by the WFOE may acquire all the Transferred Equity, free from and clear of any legal defect or any real right for security, third party restriction or any other restrictions on the Transferred Equity.

6.5 If the total Transfer Price obtained by any Existing Shareholder with respect to the Transferred Equity held by him is higher than his capital contribution to the Company, or he receives any form of profit, dividend or bonus from the Company, then such Existing Shareholder agrees to, to the extent not in violation of the PRC Law, waive the premium earnings and any profit, dividend or bonus (after deduction of relevant taxes) and the WFOE is entitled thereto. The Existing Shareholder shall instruct relevant assignee or company to remit the earnings to the bank account designated by the WFOE at the material time.

Article 7 Undertakings of the Company

7.1 The Company hereby undertakes that:

7.1.1 if any consent, permit, waiver or authorization by any third party, or any approval, permit or exemption by any government authority, or any registration or filing formalities (if required by law) with any government authority needs to be obtained or handled with respect to the execution and performance of this Agreement and the grant of the Equity Transfer Option or Asset Purchase Option hereunder, the Company shall endeavor to assist in satisfying the above conditions.

7.1.2 without the WFOE's prior written consent, the Company shall not assist or permit the Existing Shareholders to transfer or otherwise dispose of any Option Equity or create any real right for security or other third party rights on any Option Equity.

7.1.3 without the WFOE's prior written consent, the Company shall not transfer or otherwise dispose of any material Company Assets (excluding those incurred during normal operation) or create any real right for security or other third party rights on any Company Assets.

7.1.4 the Company shall not do or permit any behavior or action that may adversely affect the interests of the WFOE under this Agreement, including but not limited to any behavior or action that is subject to Article 6.1.

7.2 Once the WFOE gives the Exercise Notice:

7.2.1 it shall promptly cause the Existing Shareholders to convene a shareholders' meeting, pass shareholders' resolutions and take all other necessary actions to approve the Company to transfer all the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE;

7.2.2 it shall promptly enter into an asset transfer agreement with the WFOE and/or any other equity or individual designated by the WFOE to transfer all the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE, and cause the shareholders to provide necessary support to the WFOE (including provision and execution of all relevant legal documents, performance of all government approval and resignation procedures and assumption of all relevant obligations) in accordance with the WFOE's requirements and laws and regulations so that the WFOE and/or any other entity or individual designated by the WFOE may acquire all the Transferred Assets, free from and clear of any legal defect, any real right for security or third party restriction on the Transferred Assets or any other restrictions on the Company Assets.

Article 8 Confidentiality Obligations

8.1 Regardless of whether this Agreement is terminated or not, any of the Parties shall keep strictly confidential all the business secrets, proprietary information, customer information and all other information of a confidential nature about the other parties coming into its knowledge during execution and performance of this Agreement (hereinafter collectively referred to as the **"Confidential Information"**). Unless a prior written consent is obtained from the party disclosing the Confidential Information or unless it is required to be disclosed to third parties according to relevant laws and regulations or the requirement of the place where a Party's affiliate is listed, the party receiving the Confidential Information shall not disclose to any other third party any Confidential Information. The party receiving the Confidential Information shall not use or indirectly use any Confidential Information other than for the purpose of performing this Agreement.

8.2 The following information shall not be deemed part of the Confidential Information:

(a) any information that has been lawfully acquired by the party receiving the information before as evidenced by written documents;

(b) any information entering the public domain not attributable to the fault of the party receiving the information; or

(c) any information lawfully acquired by the party receiving the information through other sources after its receipt of such information.

8.3 The party receiving the information may disclose the Confidential Information to its relevant employees, agents or professionals retained by it. However, the party receiving the information shall ensure that the aforesaid persons shall comply with the relevant terms and conditions of this Agreement, and shall be responsible for any liability incurred as a result of such persons' breach of the relevant terms and conditions of this Agreement.

8.4 Notwithstanding any other provisions herein, the effect of this article shall not be affected by termination of this Agreement.

Article 9 Duration of the Agreement

This Agreement shall take effect after being duly executed by the Parties, and terminate after all the Option Equity and Company Assets are lawfully transferred to the WFOE and/or any other entity or individual designated by the WFOE pursuant to the provisions of this Agreement.

Article 10 Notices

10.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

10.2 If any of such notices or other correspondences is transmitted by facsimile or telex, it shall be deemed as served immediately upon transmission; if delivered in person, it shall be deemed as served at the time of delivery; if posted by mail, it shall be deemed as served five (5) days after posting.

Article 11 Defaulting Liability

11.1 The Parties agree and confirm that, if any of the Parties (hereinafter referred to as the **"Defaulting Party"**) substantially violates any agreement herein or substantially fails to perform or delays performance of any of the obligations hereunder, such violation, failure or delay shall constitute a default under this Agreement (hereinafter referred to as **"Default"**). The non-defaulting Party shall have the right to request the Defaulting Party to rectify such Default or take remedial actions within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial actions within the reasonable period or within ten (10) days after the non-defaulting Party notifies the Defaulting Party in writing requesting the Default to be rectified, then the non-defaulting Party is entitled to decide at its own discretion that:

11.1.1 if any Existing Shareholder or the Company is the Defaulting Party, the WFOE shall be entitled to terminate this Agreement and require the Defaulting Party to compensate for the damages;

11.1.2 if the WFOE is the Defaulting Party, the non-defaulting Party shall be entitled to require the Defaulting Party to compensate for the damages, but unless otherwise stipulated by laws, the non-defaulting Party has no right to terminate or cancel this Agreement in any circumstances.

11.2 Notwithstanding any other provisions herein, the effect of this article shall not be affected by termination of this Agreement.

Article 12 Miscellaneous

12.1 This Agreement is written in Chinese and executed in ( ) originals, with one (1) original to be retained by each Party hereto.

12.2 The execution, effectiveness, performance, revision, interpretation and termination of this Agreement shall be governed by the PRC Law.

12.3 Any dispute arising out of and in connection with this Agreement shall be resolved through consultations among the Parties. In case the Parties fail to reach an agreement within thirty (30) days after the dispute arises, such dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with such Commission's arbitration rules in effect at the time. The language used in arbitration shall be Chinese and the arbitration award shall be final and equally binding on the Parties hereto.

12.4 None of the rights, powers or remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, a Party's exercise of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

12.5 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law (hereinafter referred to as **"Such Rights"**) shall result in a waiver thereof, nor shall the waiver of any single or part of Such Rights shall exclude such Party from exercising Such Rights in any other way and exercising other rights of such Party.

12.6 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

12.7 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

12.8 This Agreement, once executed, shall supersede any other legal documents previously executed by and among the Parties with respect to the subject hereof. Any amendment or supplement hereto shall be made in writing and shall become effective only upon due execution by the Parties hereto.

12.9 Without the prior written consent of other Parties, none of the Parties shall transfer any of its rights and/or obligations hereunder to any third party.

12.10 This Agreement shall be binding on the legal assignees or successors of the Parties.

[The remainder of this page is intentionally left blank]

[Signature Page of Exclusive Option Agreement]

In witness whereof, the following Parties have executed this Exclusive Option Agreement as of the date first above written.

[Name of Shareholder]

Signature: /s/ _____

[Signature Page of Exclusive Option Agreement]

In witness whereof, the following Parties have executed this Exclusive Option Agreement as of the date first above written.

[Name of WFOE]
(Seal)

Signature: /s/ _____
Name:
Position:

[Name of VIE]
(Seal)

Signature: /s/ _____
Name:
Position:

Annex I:

Company's General Information

Company name: [Name of VIE]

Registered address:

Registered capital:

Legal representative:

Ownership structure:

Names of shareholders	Contribution in registered capital (RMB)	Percentage of contribution	ID number/company registration number
[Name of Shareholders]			
Total			—

Annex II:

Form of Exercise Notice

To: [Name of Shareholders]

Whereas, we entered into an *Exclusive Option Agreement* (the **"Option Agreement"**) with you and [Name of Variable Interest Entity] (the **"Company"**) and we reached an agreement that you shall transfer the equity you hold in the Company to us or any third party designated by us at our request to the extent permitted by the PRC laws and regulations.

Therefore, we hereby give this notice to you as follows:

We hereby require to exercise the Equity Transfer Option under the Option Agreement and we/[·] [*name of company/individual*] designated by us will acquire the [·]% of the equity you hold in the Company (the **"Proposed Acquired Equity"**). Upon your receipt of this notice, you shall immediately transfer all the Proposed Acquired Equity to us/[name of designated company/individual] pursuant to the provisions of the Option Agreement.

Best regards

[Name of Wholly Owned Subsidiary]
(Seal)

Signature: /s/

Date:

Annex III:

Form of Exercise Notice

To: [Name of VIE]

Whereas, we entered into an *Exclusive Option Agreement* (the **"Option Agreement"**) with you, [Name of Shareholders] and we reached an agreement that you shall transfer your assets to us or any third party designated by us at our request to the extent permitted by the PRC laws and regulations.

Therefore, we hereby give this notice to you as follows:

We hereby require to exercise the Asset Purchase Option under the Option Agreement and we/[·] [*name of company/individual*] designated by us will acquire the assets owned by you as stated in a separate list (the **"Proposed Acquired Assets"**). Upon your receipt of this notice, you shall immediately transfer all the Proposed Acquired Assets to us/[name of designated company/individual] pursuant to the provisions of the Option Agreement.

Best regards

[Name of WFOE]

Signature: /s/

Date:

Schedule of Material Differences

One or more persons entered into exclusive option agreement with Lequan Technology (Beijing) Co., Ltd. using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of WFOE	Name of Shareholder	Name of Variable Interest Entity (the "VIE")	% of Shareholder's Equity Interest in the VIE	Execution Date
1	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Foshan Yunmi Electric Appliances Technology	60%	July 21, 2015

			Co., Ltd.		
2	Lequan Technology (Beijing) Co., Ltd.	Tianjin Jinxing Investment Company	Foshan Yunmi Electric Appliances Technology Co., Ltd.	40%	July 21, 2015
3	Lequan Technology (Beijing) Co., Ltd.	Xiaoping Chen	Beijing Yunmi Technology Co., Ltd.	60%	July 21, 2015
4	Lequan Technology (Beijing) Co., Ltd.	De Liu	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015
5	Lequan Technology (Beijing) Co., Ltd.	Liping Cao	Beijing Yunmi Technology Co., Ltd.	20%	July 21, 2015

Exhibit 10.9

Spouse Consent Letter

Juan Zhou who is the wife of Mr. Xiaoping Chen disposes pursuant to the arrangement under the Exclusive Option Agreement, Voting Proxy Agreement, and Equity Pledge Agreement ("Transaction Documents") signed on July 21, 2015 by Mr. Xiaoping Chen. I hereby agree and confirm that the equities of [Name of Variable Interest Entity] do not belong to the joint property of Mr. Xiaoping Chen and me.

I further guarantee that no action may be taken for purposes conflicting with the above arrangements, including claiming that the equities constitute the property or joint property of Mr. Xiaoping Chen and me, and based on such claims, claiming to participate in the daily operation and management of the domestic enterprise or in any way affecting my spouse's decisions on these equities. I hereby unconditionally and irrevocably waive any equities that may be conferred on me by applicable laws and any rights or interests arising from my ownership of equities. I further confirm, undertake and guarantee that, my spouse has the right in any case to dispose the equities held by him and the corresponding assets in the domestic enterprise, and I promise not to take any action that may affect or prevent my spouse from performing his obligations under the transactions.

/s/ Juan Zhou

Schedule of Material Differences

One or more spouse consent letters using this form were executed. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of Variable Interest Entity
1.	Foshan Yunmi Electric Appliances Technology Co., Ltd.
2.	Beijing Yunmi Technology Co., Ltd.

Exhibit 10.10

Business Cooperation Agreement

Party A: Xiaomi Communications Co., Ltd.
Address: Level 9, Phase II, the Rainbow City of China Resources, No. 68 Qinghe Middle Road, Haidian, Beijing
Tel: 010-56343888
Fax: 010-56343666

Party B: Foshan Yunmi Electric Appliances Technology Co., Ltd.
Legal Representative: Chen Xiaoping
Address: (2F of No.1 Building and 4F of No.7 Building) No. 2, Xinxisi North Road, Xiashi Village Committee, Lunjiao Subdistrict Office, Shunde District, Foshan City
Tel: 0757-66833887
Fax: 0757-6833886

WHEREAS, In consideration of both Parties' willingness to cooperate with each other, this Agreement defines the following provisions in connection with the cooperation mode of Xiaomi Customized Products with respect to the cooperation of both Parties, and both Parties hereby jointly comply with such provisions through friendly consultation:

1. Scope of this Agreement

This Agreement applies to all customized products with which Party B provides or has provided Party A (hereinafter referred to as "Xiaomi Customized Product", or "XCP"), and the specific products involved herein shall be subject to Appendix IV "Xiaomi's Customized Product Project Agreement" attached to this Agreement executed by both Parties before the products come into the market.

2. Mode of Cooperation

2.1 Party A shall specify the trademark, ID (industrial design), packaging design plan, etc. to be used by Xiaomi Customized Products (as defined in clause 3.1). Party B shall be responsible for the overall development, production and supply of Xiaomi Customized Products, and for manufacturing and delivering Xiaomi Customized Products according to Party A's orders.

2.2 Party A shall provide Party B with the PO forecast based on its market projection and be responsible for the promotion and sales of Xiaomi Customized Products. Party B shall be responsible for the production of XCP and delivery thereof to the warehouse designated by Party A.

2.3 Party A shall have the right to sell and dispose of Xiaomi Customized Products in all channels, including but not limited to the domestic, international, online and offline channels; Party B may not sell or re-sell Xiaomi Customized Products in any way without Party A's written consent.

2.4 Party B shall sell Xiaomi Customized Products to Party A on cost basis, and both Parties shall share the net profits from Party A's sale of Xiaomi Customized Products provided by Party B according to the agreed proportion.

2.5 It is agreed that both Parties perform the collection, storage, transmission, use and disclosure of user data incurred during the period of the provision of Xiaomi Customized Products pursuant to Appendix III "*User Data Clause*" attached to this Agreement.

3. Definitions

3.1 Xiaomi's Customized Product or XCP: means a product manufactured or sold under a brand belonging to Party A, and/or a product under Party B's own brand but determined by mutual agreement between the Parties as a XCP.

3.2 Cost and Pricing

3.2.1 Party A's Costs means any shipping cost and any other costs and expenses (if any) under this Agreement.

Calculation of shipping cost: the shipping cost shall be calculated based on the actual cost of shipping in the case of a single product (one single product in one logistic box), and shall be proportionated based on the selling price of each product in the case of more than one products in one logistic box.

3.2.2 Party B's Costs shall include the followings:

3.2.2.1 Costs of raw materials: for any cost of raw material, the serial number, model and specifications, unit, quantity, and unit price of the purchased materials, and the full name and contact information of the supplier/agent shall be specified.

3.2.2.2 OEM costs: details of the costs and expenses in connection with OEM shall be specified in the OEM costs.

3.2.2.3 Amortization of mold and tooling: (in accordance with the template provided by Party A)

Formula for Calculation of amortization of mold and tooling: Amortization of mold and tooling for each product = total costs of mold and tooling / (times of design for mold and tooling* number of mold cavity)

3.2.2.4 Logistic costs: means the converted or estimated logistic costs for the delivery of products from Party B's manufacturer to warehouse designated by Party A (in accordance with the template provided by Party A).

3.2.2.5 Others: license fee or other expenses in relation to third party's intellectual property rights paid by Party B (including details provided in the cooperation agreement between Party B and such third party, invoices and remittance evidences).

3.2.3 Quotations shall not include the following costs and expenses: Party B's profit and indirect costs (including without limitation, the management fee, water and electricity costs, depreciation, after-sale service fees and other indirect costs).

3.2.4 All quotations under this Agreement shall be inclusive of tax (and shall only include value-add tax of 17%).

3.2.5 In the event that Party A is not agreeable to Party B's Costs, Party A shall be entitled to procure, under the same terms and conditions, in such other manners including without limitation the followings:

3.2.5.1 Party A may procure directly from a supplier, and Party B shall be responsible for the inspection and acceptance, inventory taking, management and use of (the materials); or

3.2.5.2 Party A may make available relevant procurement channel to Party B, and Party B shall enter into a procurement agreement with the supplier suggested by Party A upon the terms and conditions designated by Party A.

In whichever way mentioned above, Party B undertakes to use the materials and ancillary materials which are confirmed by Party A or procured in accordance with Clause 3.2.5.1 or 3.2.5.2 in the products to be provided to Party A.

3.2.6 Remark: Only direct costs shall be calculated by the Parties in the cooperation mode and profit share between the Parties.

The one-time cost (such as R&D, certification*, sales or marketing) shall not be included in costs.

*note: it refers to costs for certification targeted at domestic market only. The certification costs incurred in overseas market shall be discussed separately by the Parties on case by case basis as to whether to include in costs or how to allocate between the Parties.

3.2.7 Each Party shall bear its own costs in relation to management, depreciation of water and electricity (facilities), business operation and others.

3.2.8 With respect to the after-sale maintenance/after-sale service fees/online and offline customer services, subject to Appendix V "Framework Agreement on Products' Quality", each Party shall bear its own after-sale service fees for defects occurred within the agreed defect ratio. (For details of provisions in relation to after-sale services, please refer to Appendix VI "After-sale RMA Agreement" to be entered into upon the launch of products.)

3.3 Procurement, Inspection and Acceptance

3.3.1 BOM record: Party B shall provide the Bill of Materials ("BOM") in a form designated by Party A, and provide a valid quotation in accordance with the template provided by Party A after the entry of BOM is successfully recorded in Party A's system.

3.3.2 Procurement Price: means Party B's Costs (as defined in Clause 3.2.2).

3.3.3 PO: means the "Purchase Order" confirmed by the Parties with signature of the respective authorized representative and stamp of each Party affixed during the effective term of this Agreement.

3.3.4 Turnaround Period: means the period commencing from the date of Party B's valid acceptance in a confirmative manner of the PO issued by Party A until the date of signing of the acknowledged receipt of goods by the recipient designated by Party A.

3.3.5 Initial Inspection: means the inspection of the quantity, packaging, packing and other conditions of the products conducted by the designated recipient without unpacking the products or the use of any inspection device, upon delivery of products under a PO by Party B to the designated location.

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4. Performance of PO

4.1 A PO shall become valid upon Party B's confirmation by signing on and affixing stamp to the PO issued by Party A which shall be returned to Party A within three days upon receipt. Should Party B fail to confirm or return the PO within the abovementioned period, it shall be deemed that Party B has no objection to the information specified in the PO, and the PO shall constitute a valid PO. Party B shall fully comply with all the terms and conditions under the valid PO and inform Party A in writing on a regular basis of the delivery plan of the outstanding valid PO.

4.2 The XCP manufactured by Party B under this Agreement shall only be supplied to Party A. Without the written consent of Party A, Party B shall not supply XCP to any third party other than Party A in any manner or through any channel,including without limitation, domestic, international, online or offline channel. In the event of Party B's breach of this clause, Party A shall be entitled to terminate this Agreement and claim against Party B for all the economic losses suffered by Party A, and to take any possible measures to prevent further losses.

4.3 Party B shall pack the products to be shipped in an appropriate manner suitable for the nature and delivery time of the products. The shipping costs and liabilities shall be allocated as follows: the shipping costs shall be included in Party B's Costs, and the logistic risks and relevant liabilities shall be borne by Party B.

4.4 Party B shall deliver products to the location specified in the valid PO. The recipient designated by Party A shall conduct Initial Inspection and sign the acknowledged receipt of goods for the acceptance of the products that pass the Initial Inspection. After the Initial Inspection, Party A shall have the right to conduct further inspection. Any product that fails to pass the further inspection shall be returned to or exchanged by Party B at the request of Party A.

4.5 If Party B is unable to deliver products on time, Party B shall inform Party A in writing at least 15 working days prior to the agreed date of delivery under the relevant PO the revised date and quantity of delivery, and Party A shall confirm the revised date and quantity of delivery or otherwise agree with Party B separately on matters in relation to the delivery. Party B shall remain liable for any loss of Party A caused by the failure of Party B to deliver on the originally agreed delivery date. If Party B fails to deliver in accordance with the revised date and quantity of delivery, Party B shall pay the liquidated damages to Party A at an amount equivalent to 0.3% of the total value of the PO for each day of delay in delivery. If the delivery is delayed for more than ten days, Party A shall be entitled to cancel the PO, and Party B shall compensate Party A any direct loss suffered by it therefrom (excluding any indirect, derivative or incidental loss) except for those as a result of force majeure.

5. Payment and Profit Share

5.1 The profit from the XCP which sells by the sales channel of Party A is the selling price deduct the cost and expenses. The XCP product is confirmed by both Parties the XCP lunches on the Appendix IV “Xiaomi’s Customized Product Project Agreement”.

Unit XCP proft = Selling price – Cost of Party A – Cost of Party B

* Refer to Clause 3.2 for Cost of Party A and Party B.

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* Selling Price is the average XCP selling price of Party A.

5.2 The purchase price: shall be settled in accordance with PO.

5.3 Party B’s share of profit: Party A shall prepare a statement of profit share on the 5th working day of each month for the total number of XCP sold in the preceding month which shall be sent to Party B for confirmation. Party B shall, upon confirmation, issue to Party A the VAT invoices of equivalent amount for each of the corresponding products specified in such statement. Party A shall pay to Party B to the following account designated by Party B within 10 working days upon receipt of the accurate invoice issued by Party B:

Account Name:

Bank Name:

Account Number:

5.4 The calculation of profit share shall be based on actual sales volume of XCP for the period of settlement.

6. Rights and Obligations of the Parties

6.1 Party B shall ensure that XCP shall not be treated with less favorable conditions and benefits than the other products under Party B’s own brands in the process of manufacture, processing or procurement.

6.2 In the event of any change to Party B’s BOM costs in relation to XCP, Party B shall, within 3 working days from the date of such change, provide an updated list of costs to Party A in accordance with the composition of costs as defined in Clause 3.2. Party A shall be entitled to request Party B to provide the cooperation agreement between Party B and its OEM manufacturer/supplier, invoices, receipts and other supporting documents. If there is any adjustment in the price of raw materials, OEM costs, shipping or other costs and expenses, Party B shall specify in BOM the prices before and after the change and the implementation date of such change, and make price adjustment accordingly in the latest PO after approved by Party A. In the meantime, Party B is obliged to ensure that Party A is empowered to contact suppliers directly for verification. The letter of authorization granted by Party B in favor of Party A “Letter of Authorization on Equal Rights to Information and Rights of Verification” shall be executed as Appendix II to this Agreement together with the execution of this Agreement.

6.3 In the event of any decrease in price of raw materials, OEM costs, shipping or other costs and expenses and Party B fails to inform Party A or make remarks or adjustments accordingly in BOM provided by it, Party A, upon discovery of such fact, shall be entitled to immediately terminate any PO which have been issued (for the avoidance of doubt, Party A shall be entitled to cancel the PO unilaterally regardless of whether Party B has confirmed such PO) and to impose a penalty on Party B for its negligence. The calculation of such penalty shall be as follows:

Amount of penalty = the difference in costs * the accumulated volume of sales after the change in costs of the products * 10;

6.4 Party A shall procure products from Party B in accordance with the agreed PO, which is binding on both Parties. A Party (“Defaulting Party”) shall compensate the other Party for any losses arising from the non-compliance of such Defaulting Party with the order plan, and the amount of compensation shall not be more than the actual loss of the other Party (“Non-defaulting Party”) which exclude any indirect or expected loss or any loss which is unpredictable in advance by the Defaulting Party.

6.5 Party B shall inform Party A in advance before it changes any product’s key-part or assembly supplier. The management of such change shall comply with provisions in Appendix V “Framework Agreement on Products’ Quality”.

6.6 Party B undertakes that the products’ performance and quality shall meet the requirements of Party A, and acknowledges and agrees to unconditionally accept and comply with the after-sale services, return and exchange and other relevant policies of Party A.

6.7 Party A shall inform and confirm with Party B before Party A is selling the XCP at zero profit or negative profit, the loss of the XCP will be taken by both parties by proportion or new method which is confirmed by another written agreement.

6.8 Party B shall be liable for any and all costs and expenses as well as the legal responsibilities arising from any potential safety issue or any other issue in XCP due to Party B's reason that would cause personal injury or damages to the property of end-users. For details please refer to Appendix V "Framework Agreement on Products' Quality", and Appendix VI "After-sale RMA Agreement" to be executed by the Parties.

6.9 The Parties shall collect, use and transmit users' data in accordance with Appendix III "User Data Policy".

7. Confidential Information

7.1 The Parties agree that the trade secret in relation to the cooperation between the Parties shall include, without limitation, all material, correspondence in the course of collaboration and any other non-public commercial or technical material or information provided by a Party to the other party.

7.2 The receiving party shall keep the Trade Secret of the disclosing party confidential, and shall not disclose the same to any third party or use for any purposes other than for the cooperation between the Parties under this Agreement, regardless of whether such Trade Secret is obtained in oral, written, visual or other forms, unless a prior written authorization from the disclosing party is obtained by such third party for the disclosure of such Trade Secret.

7.3 The receiving party shall hold the Trade Secret using the same degree of care as it normally exercises to protect its own trade secret, but in no event less than reasonable and prudent care. The receiving party shall be liable for any losses arising from any disclosure of the Trade Secret of the disclosing party caused by the negligence or willful misconduct of the receiving party.

7.4 Neither Party shall, during the effective term of this Agreement and within two years after the termination of this Agreement, divulge the Trade Secret of the other Party or use the intellectual property rights or the Trade Secret of the other Party for purposes other than those permitted under the scope of cooperation pursuant to this Agreement.

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8. Liability for Breach and Termination of this Agreement

8.1 Any breach of this Agreement, Appendixes hereto and PO shall constitute the breach of this Agreement. If either Party breaches this Agreement, such Party (the "Breaching Party") shall bear losses caused thereby to the other Party (the "Non-breaching Party"), including fees and expenses incurred due to the Non-breaching Party's treatment of breach events, including legal costs for investigation, arbitration, action and attorney. In addition to compensating the Non-breaching Party for the above losses, the Breaching Party shall also pay the Non-breaching Party RMB 0.5 million (500,000) as the liquidated damages.

8.2 The Responsible Party (as defined below) shall defend, or defend on the basis of cooperation with the Damaged Party (as defined below) at the request of the latter and hold harmless the Damaged Party from and against any and all claims, disputes, negotiations, penalties or auctions ("Claims") asserted against the other Party and its affiliates, distributors, direct or indirect clients ("the Damaged Party") by a third party due to the reasons attributable to a Party ("the Responsible Party"), or else the Responsible Party shall indemnify the Damaged Party against the losses (including but not limited to the costs for the Damaged Party's engagement of attorneys and any other third party, response fees, and compensation to the third party), provided that the losses above shall be subject to the following conditions:

8.2.1 After the Damaged Party receives the documents related to Claims from the third Party or the competent authority, it shall immediately inform the Responsible Party;

8.2.2 In the process of communication or negotiation with the third party, the Damaged Party shall seek the opinions of the Responsible Party. If the Damaged Party is requested by the Responsible Party and is willing to bear all economic and legal consequences arising therefrom, then the Damaged Party shall authorize the Responsible Party to handle the corresponding matters. The Damaged Party may, at its discretion and at its cost, use independent legal counsel to participate in the relevant proceedings.

8.2.3 If the Damaged Party wishes to settle with the third party for resolving the disputes or submit such disputes to the competent authority for mediation, it shall provide the relevant reconciliation plan to the Responsible Party for approval.

8.2.4 Notwithstanding the foregoing, if the products provided by Party B have any quality problem, intellectual property dispute or user privacy issue, Party A shall be entitled to take all measures by itself to settle such problem for the purpose of maintaining Party A's brand reputation, including but not limited to taking such measures as public relations, response to complaints, reconciliation with the third party and/or compensation in advance to the third party, and Party B shall bear all expenses arising from resolving such dispute or problem (including but not limited to the costs for Party A's engagement of attorney and other third party, response to complaints and compensation to the third party).

8.3 Party A shall be entitled to terminate this Agreement and the specific orders in advance by giving the written notice if:

8.3.1 Party B materially breaches the material obligation underlying this agreement and purchase order;

8.3.2 Except as prohibited by applicable bankruptcy laws, Party B declares bankruptcy, or if Party B is unable to repay due loans, or perform contracts, or if Party B's assets are transferred to or taken by other creditors;

8.3.3 The products fail to meet Party A's requirements, and Party A determines that there is no value to remedy or the products still fail the requirement after three times' remedies;

8.3.4 Party B fails to deliver the products on time without reasonable cause and Party A's prior written consent;

8.3.5 Party B fails to comply with Appendix III *User Data Clause* attached to this Agreement, or to store the data in the cloud server designated by Xiaomi, involves in the disputes infringing the protection of user personal information, or discloses user data to the third party without Party A's permission.

8.4 Force Majeure

8.4.1 If either Party encounters an event of force majeure, including but not limited to fire, flood, earthquake, typhoon, natural disasters and other unforeseen or unavoidable or uncontrolled circumstances, as a result of which such Party is unable to perform its obligations under this Agreement, then such Party shall not be liable therefor. The time for said performance by such Party specified in this Agreement shall be automatically extended by a period equal to the period of such Party's inability to perform this Agreement directly or indirectly caused by such event of force majeure. The affected Party shall inform the other Party of such event of force majeure by telegraph or telex within the reasonable time, and submit the supporting documentation on the event of force majeure issued by the competent authority within 15 days subsequent to such event.

8.4.2 If performance of this Agreement cannot continue, Party A shall be entitled to unilaterally terminate this Agreement and the specific orders.

9. Scope of Validity

9.1 This Agreement is executed by and between Party A and Party B in Haidian District, Beijing with a valid term of [one] year, i.e. from [August 31, 2017] to [August 30, 2018]. If no Party puts forward the written objections upon expiration of this Agreement, this Agreement shall be automatically renewed for one-year term thereafter on the same conditions. If one Party is unwilling to renew its term, such Party shall put forward the objections before 30 days prior to expiration hereof.

9.2 Except for the circumstances as agreed in Clause 8.3 of this Agreement, if Party B fails to comply with any clause of this Agreement, Party A shall be entitled to require Party B to immediately stop such breach once found; if Party A finds thereafter that Party B still does not stop such breach, Party A shall be entitled to immediately terminate this Agreement.

9.3 Within the valid term of this Agreement, no Party shall change or terminate this Agreement at its will without the written consent of the other Party, unless one Party exercises its rights to unilaterally rescind or terminate this Agreement as agreed herein.

9.4 It is confirmed that Party A and Party B may terminate this Agreement through consultation if the occurrence of the force majeure and other circumstances renders the performance of this Agreement unnecessary or impossible.

9.5 Upon the expiration of this Agreement, the outstanding claims and debts between both Parties shall not be affected by this Agreement, and both Parties shall continue to complete the fulfillment of their own obligations.

If this Agreement and the specific orders are early rescinded or terminated for whatever reasons, the clauses of warranty, intellectual property, confidentiality, liability for breach and other clauses which shall survive in terms of their features shall remain in full force and effect.

10. Dispute Resolution

Both Parties shall settle all disputes arising from performance of this Agreement and in connection with the conduct of cooperation according to this Agreement through friendly consultation. If both Parties fail to reach an agreement through consultation, they shall file a lawsuit in respect of such disputes with the people's court in the place where Party A is domiciled. In the process of handling such disputes, the rest of this Agreement shall continue to be performed, except for the provisions under the litigation.

11. Supplementary Provisions of this Agreement

11.1 Modifications to this Agreement: No modifications to this Agreement (including supplements and revisions hereof) shall be effective unless duly signed by both Parties.

11.2 Appendixes attached to this Agreement, including *Agreement on* "Xiaomi's Customized Product Project Agreement", "Letter of Authorization on Equal Rights to Information and Rights of Verification", "Intellectual Property Terms", "*User Data Clause*", "Framework Agreement on Products' Quality", "After-sale RMA Agreement", and PO executed by both Parties, shall form an integral part of this Agreement and have the equal legal force and effect with this Agreement.

11.3 If the matters are not covered in this Agreement, both Parties shall jointly negotiate and execute the written supplementary agreement which shall have the equal legal force and effect with this Agreement.

11.4 No express waiver of this Agreement or failure to timely exercise any of rights granted by this Agreement shall constitute a continuous waiver hereof or waiver of any rights under this Agreement.

11.5 If any provision or part of this Agreement is ruled illegal or unenforceable, such provision or part shall be separated from this Agreement, and shall not affect, damage or derogate from the validity of any other provisions or parts of this Agreement. The illegal or unenforceable provision above shall be replaced by a valid or legal provision that comes closest to expressing the meaning and contents of such illegal or unenforceable provision.

11.6 The headings and descriptions of the clauses included in this Agreement are for reference only, and in no event shall the headings above limit, restrict, extend or describe the scope or the contents of any clause of this Agreement in any manner.

11.7 This Agreement is made in three (3) copies. It is effective from signature. Party A holds two (2) copies and Party B holds one (1) copy.

Xiaomi Communications Co., Ltd.	**Foshan Yunmi Electric Appliances Technology Co., Ltd.**
(Contract seal: /s/ Xiaomi Communications Co., Ltd.)	(Contract seal: /s/ Foshan Yunmi Electric Appliances Technology Co., Ltd.)

Annex I:

Intellectual Property Terms

1. Intellectual Property Ownership

1.1 The rights, interests and intellectual property rights contained in or related to the ID (industrial design) generated by the design, development, production and sales of Xiaomi's customized products executed in accordance with this Agreement are owned by Party A (hereinafter referred to as "Party A's Intellectual Property Rights").

1.2 Other technical achievements and related intellectual property rights (excluding Party A's Intellectual Property Rights) arising from the design, development, production and sales of Xiaomi's customized products executed in accordance with this Agreement shall be jointly owned by Party A and Party B (hereinafter referred to as "Shared Intellectual Property Rights").

2. Implementation and Management of Shared Intellectual Property Rights

2.1 Party A and Party B have the discretion to implement the use of the Shared Intellectual Property Rights without having to notify and share the proceeds with the other party.

2.2 Both parties agree that Party A shall be responsible for the application, registration, management and maintenance of the Shared Intellectual Property Rights. Party B shall promptly assist and cooperate with Party A to complete the above matters. Unless otherwise agreed, the cost of applying for, registering, managing and maintaining the Shared Intellectual Property Rights is shared equally between the parties. If one party waives the Shared Intellectual Property Rights, such Shared Intellectual Property Rights shall be transferred to the other party and owned by the transferee all by itself, and the party that waives the Shared Intellectual Property Rights shall assist in the completion of the ownership change procedure.

2.3 Both parties shall sign an effective job-related technological achievement agreement with the personnel involved in the design, development, production and sales of Xiaomi's customized products to ensure that all parties can fully fulfill the agreement on the Party A's Intellectual Property Rights and the Shared Intellectual Property Rights in this Agreement. At the same time, all parties should also ensure that any person who makes the job-related technological achievement can enjoy his/her legal rights in accordance with the relevant laws and regulations.

2.4 No party may assign or license the Shared Intellectual Property Rights to a third party without the prior consent of the other party. Each party has the right to initiate litigation, arbitration or other legal action against any third party that infringes the Shared Intellectual Property Rights, and such party should consult with the other party before initiating such legal action.

3. Third-party Intellectual Property Rights

In accordance with the legal provisions of the cooperation territory between Party A and Party B and the third-party intellectual property rights of the products and services provided by Party B at the time of signing this Agreement, the parties have agreed as follows:

3.1 Party B shall ensure that all intellectual property licenses necessary for the production of the product have been obtained. If any third party asserts that Xiaomi's customized products produced by Party B are infringing the intellectual property rights of third parties, Party B shall be responsible for resolve the dispute on its own. If Party A incurs costs (including but not limited to litigation fees, arbitration fees and reasonable attorneys' fees) or suffers adverse effects or losses due to claims from third parties, Party B shall make compensation therefor.

3.2 When both parties sign the Purchase Order, Party B shall inform Party A of the third-party intellectual property licenses of the products provided by it. If Party B fails to disclose the intellectual property licenses to Party A, which causes the disputes mentioned above in Article 3.1, Party A has, in addition to the right to deal with the said disputes in accordance with Article 3.1, it also has the right to request the immediate termination of the Agreement. The unfulfilled part hereof is no longer to be fulfilled, and Party A has the right to request Party B to bear the liability for breach of contract in accordance with the provisions of this Agreement.

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4. Commitment and Licenses

4.1 Party B undertakes not to initiate any legal actions or to file any infringement claims against the directors, employees and suppliers, customers, distributors or partners of Party A and Party A's affiliates based on the intellectual property rights owned or controlled by Party B, provided, however, that the scope of the above commitments is only limited to products or services related to Party A and Party A's affiliates. Party B shall ensure that its affiliates, successors or assignees of intellectual property rights comply with or fulfil the same commitments.

4.2 Party B hereby grants Party A a non-exclusive, irrevocable, free and sublicensable license, allowing Party A or a licensee authorized by Party A to implement the intellectual property rights owned by Party B in connection with Xiaomi's customized products. The above licenses shall only take effect when one of the following circumstances occurs: 1) Both parties agree that Party B cannot complete the agreed development, mass production or delivery target of Xiaomi's customized products; or 2) Party B becomes bankrupt, liquidated or otherwise unable to continue to perform this Agreement.

Annex II:

Letter of Authorization on Equal Rights to Information and Rights of Verification

Xiaomi Customized Product's authorizing party, Foshan Yunmi Electric Technology Co., Ltd. is located at (2F of No.1 Building and 4F of No.7 Building) No. 2, Xinxisi North Road, Xiashi Village Committee, Lunjiao Subdistrict Office, Shunde District, Foshan City

Xiaomi Customized Product's authorized party, Xiaomi Communications Co., Ltd. is located at Level 9, Phase II, the Rainbow City of China Resources, No. 68 Qinghe Middle Road, Haidian, Beijing

Whereas:

The cooperation between the authorizing party and its suppliers, processing factories, logistics service providers, etc. with which it cooperates are bound by the confidentiality agreement, and the authorized party needs to have the same right to know the supply information because it has cooperation with the authorizing party regarding the customized product business. The following agreement is hereby reached:

1. The authorized party has the same right to know and review as the authorizing party, including but not limited to quality management information, logistics information and cost information.

2. The authorized party may, with this Power of Attorney, request the cooperation unit of Xiaomi's customized products of the licensor to provide corresponding information.

3. Xiaomi's customized products: subject to the " Agreement on Xiaomi Customized Product Project Agreement".

4. The authorizing party shall notify the suppliers, the processing factories, the logistics service providers with which it cooperates of the licenses herein within 5 working days upon signing this Agreement. The written consent of the supplier, the processing factory and the logistics service provider with which it cooperates shall be obtained. If the licensor fails to obtain the above written consent, the licensee has the right to suspend the cooperation of Xiaomi's customized products.

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5. This Authorization Letter is an important part of the business cooperation agreement and has the same legal effect as the business cooperation agreement.

Annex III:

User Data Clause

1. Definition of User Data

User data refers to data generated by users or collected data in Internet services, including user personal information as well as non-personal information. User personal information refers to personal identification data such as the user's personal name, date of birth, ID number, personal biometric information, address, telephone number, etc., recorded electronically or otherwise, and other personal data refers to various data that can be used individually or in combination with other data to identify the user. User non-personal information refers to information other than the user's personal information recorded electronically or otherwise, such as a user's click.

2. Application Scope of User Data Clause

The collection, storage, transmission, use and disclosure of user data generated during the service provision of Xiaomi's customized product shall be carried out in accordance with the terms of the User Data Clause. The Xiaomi's customized product referred to herein contain customized product that have been co-operated or marketed, as well as those to be operated in the future.

3. Ownership of and Right to Use User Data

3.1 Party B agrees to use the Xiaomi account system separately on Xiaomi's customized product, that is, users can register and log in to the Xiaomi account, and further use Xiaomi's customized product and supporting applications.

3.2 Party B agrees that the user data collected during the provision of Xiaomi's customized product service shall be jointly owned by both Party A and Party B, and the storage, use and sharing of the shared user data shall be performed in accordance with the terms of this user data.

3.3 According to the requirements of Party A, it shall be stored in Xiaomi Ecological Cloud or other cloud servers designated by Party A. Party B shall provide the secret key and other data formats to Party A on a regular basis.

3.4 In order to enhance the value of the data, Party B shall access Party A's data platform in accordance with Party A's requirements. Party A shall have the right to independently use the user data of Xiaomi's customized product and Party B shall endeavor to cooperate. Party A shall exercise the discretion on the basis of mutual benefit to provide Party B with data capabilities.

3.5 Party B has the right to use the user data described herein within the scope of Party B's business objectives and related privacy laws as well as Xiaomi's privacy policy.

4. Principles of User Data Usage

4.1 Principle of informed and consent. Party B shall follow the principle of informed and consent for collecting, using and disclosing user data, and clearly inform the user of the purpose, application, scope, and withdrawal mechanism of the data collected, and be subject to the consent of the user.

4.2 Principle of necessity. Party B can only collect the personal data of the users necessary for the provision of Xiaomi's customized product. If Party B needs to collect user data other than providing services for the purpose of enhancing the user experience, Party B shall develop a user experience improvement plan, clearly prompting the user and obtaining the user's consent.

5. Rules for the Use of User Data

5.1 Party B shall formulate a complete user agreement, privacy policy and user experience improvement plan, clearly inform the user of the purpose, application, scope, and withdrawal mechanism of the data collected, and obtain the consent of the user. The above documents shall be reviewed and approved by Party A.

5.2 For the user data necessary for the provision of services of Xiaomi's customized product, Party A agrees that Party B may use the said. Provided, however, that Party B's use (including but not limited to collection, use and disclosure) shall comply with Xiaomi's Privacy Policy (http://www.miui.com/res/doc/privacy/cn.html).

5.3 For the user data that must be used during the provision of services of Xiaomi's customized product, Party B shall formulate corresponding reasonable technology, system and management measures according to Party A's requirements. The software services provided by Party B (including APP or plug-in) shall pass Party A's data security audit, and Party B's data protection level should be consistent with that of Party A.

5.4 After Party A's prior written consent, Party B may disclose the user data applicable herein to third parties or authorize third parties to use the same. If the data storage capacity (or the number of structured data) of Party B reaches 25% or more of the data volume (or the number of structured data) of Party A and its affiliates, Party A shall, with the written consent of Party B, disclose the user data applicable herein to third parties or authorize third parties to use the same. The data storage capacity of Party B shall be calculated according to the storage capacity on the Xiaomi Ecological Cloud. The number of structured data of Party B shall be calculated according to the number of structured data accessed by Party A. Before Party B meets the above conditions, Party A has the right to disclose the user data applicable herein to third parties or authorize third parties to use the same. After the above conditions are met, the sharing of data by any party to third parties shall be in accordance with the law and Xiaomi's Privacy Policy.

5.5 If the user data referred to herein is used in conjunction with the user data of Party B's own product, the user data shall be collected, transmitted, used and disclosed in accordance with the agreement herein.

5.6 If Party B provides services of Xiaomi's customized product outside the mainland of China, it shall notify Party A 3 months in advance, so that Party A may assess the privacy data compliance of Xiaomi's customized product in the country where the products are sold, as well as store, transmit and process the user data in accordance with Party A's requirements.

Appendix IV:

Xiaomi's Customized Product Project Agreement

Xiaomi Communications Co., Ltd. and [ ] hereby enter into an agreement with respect to the following Xiaomi customized products:

Details of customized products (the profit-sharing ratio is subject to the quotation sheet):

ID	SKU	Product Description

This Project Agreement is an integral part of and has the same legal effect as the business cooperation agreement.

This Project Agreement o shall be effective as of the date of signature and stamp and be valid till the termination date of the business cooperation agreement.

In the event of discrepancies between previous agreements entered into by the parties and this Project Agreement, this Project Agreement shall prevail.

This Project Agreement is made in copies, which shall take effect after being validly executed by both parties. Party A holds copies, and Party B holds copy, each of them shall have the same legal effect.

Xiaomi Communications Co., Ltd. (Stamp) **[ ] (Stamp)**

Signature of authorized representative

Date of signature: (year) (month) (day)

Signature of authorized representative

Date of signature: (year) (month) (day)

Appendix V:

Framework Agreement on Products' Quality

Chapter I: General Provision

1.1 Purpose

Both parties hereby sign this Agreement based on the principles of fairness, voluntariness, honesty and win-win. This Agreement aims to establish the basic quality requirements of both parties, and the basic principles of continuous improvement of the goods quality, as well as clarify the rights and obligations of both parties in the quality assurance activities for the goods.

All goods provided by Party B to Party A must meet Party A's quality requirements (including but not limited to subject, structure, function, performance, accessories, packaging, etc.).

1.2 Validity Period

1.2.1 The effective date of this Agreement begins on the date of signing of the Basic Purchase Agreement between Party A and Party B and is terminated with the termination of the business provisions of Party A and Party B.

1.2.2 When this Agreement is revised or updated, both parties shall negotiate and sign therefor as necessary.

1.3 Scope of Application

1.3.1 This Agreement applies to all goods purchased by Party A and its affiliates from Party B and its affiliates. Party B shall be jointly and severally liable for the losses suffered by Party A or Party A's affiliates arising from Party B's affiliates' (all institutions related to the realization of Party A's goods) violation of the quality requirements of Party A or Party A's affiliates.

1.3.2 This Agreement and its Annexes and the *Procurement Framework Agreement* and its annexes constitute a complete Procurement System Agreement, and both parties shall comply with the contents of the documents in the Procurement System Agreement.

1.4 Files for Use

1.4.1 *Goods Specification, Goods Quality Appendix,* industry standards, international standards, and other documents (if any). The *Goods Specification, Goods Quality Appendix,* industry standards, international standards, and other documents (if any) shall be signed and approved by both parties as the Annexes to the this *Framework Agreement on Products' Quality*.

1.4.2 If there is any conflict between the two-sided agreement signed by both parties, whichever requires the highest standard shall prevail.

Chapter II Quality Assurance

2.1 System

2.1.1 Party B shall establish a quality management system in accordance with the requirements of the international standard IS09000, and shall be responsible for maintaining the zero defect target of the system and continuously improving the service.

2.1.2 Party B is responsible for causing its suppliers or original manufacturers to establish and maintain a quality management system not lower than that of Party B to ensure that there are no non-conforming products in Party B's parts or components purchased from or manufactured by its suppliers or original manufacturers.

2.1.3 Party A may request Party B to provide supporting documents, indicating that Party B has confirmed the validity of the quality management system operated by its suppliers or original manufacturers.

2.1.4 If there is any quality problem with the goods or parts or components of the Party B's suppliers or original manufacturers, Party B shall provide Party A with an opportunity to audit its suppliers or original manufacturers. Under special circumstances, Party A's customer representative may join the audit.

2.1.5 For Party B's important suppliers or original manufacturers, Party A has the right to request Party B to evaluate the supplier or the original manufacturer. The evaluation results must meet Party A's standards: If Party A's time limit so requires, Party B shall submit the results of the effective evaluation of its suppliers or original manufacturers to Party A for confirmation before delivery to Party A.

2.1.6 Party B allows Party A to check whether its quality management method meets Party A's requirements by virtue of review. The review can be carried out on a system, a process or a piece of goods, including the design.

2.1.7 If Party A deems it necessary, it may request Party B to provide a list of suppliers or original manufacturers of raw materials or parts or components of its goods, and Party B shall so provide truthfully.

2.1.8 Party B allows Party A to access all operating equipment, test centers, warehouses and neighboring areas, to check quality related documents. Under this circumstance, Party B's appropriate measures to ensure the security of its trade secrets will be accepted by Party A.

2.1.9 In order to ensure the effective communication and exchange for quality issues, Party B shall provide a direct communication channel for the quality department of Party A.

2.1.10 If Party A deems it necessary, it may request Party B to provide training and materials free of charge to Party A's personnel and Party B shall so cooperate.

2.1.11 If Party A deems it necessary, it may request Party B to accept Party A's training and Party B shall so cooperate.

2.1.12 If Party A deems it necessary, it may request Party B to implement the JQE (Joint Quality Engineer) system and Party B shall so cooperate. The JQE shall be the employee of Party B, and the expenses shall be borne by Party B but the appointment shall be approved by Party A; Party A may designate the JQE candidate. On behalf of Party A, JQE will supervise and facilitate the improvement of Party B's quality status, report Party B's quality status to Party A at any time and implement the quality instructions issued by Party A.

2.2 Processes

Party B shall make specific process management items (such as goods characteristics, standards, etc.) including development, clearly indicating the operation sequence, methods, conditions, precautions, and working instructions of the equipment, tool & jig, and measuring instruments used. On the basis of this, it shall constitute the comprehensive knowledge of the operator's work content (including but not limited to the use of FMEA, QCP, DOE, SPC, DATA, DFMEA, feature report, simulation report, etc.).

2.3 Goods Testing

2.3.1 Before the first official order and the shipment of major goods change, Party B must provide the goods sample, test samples, test report (including but not limited to reliability test, basic function test, key indicator test, etc., and if necessary provide a third-party test report) and obtain written recognition from Party A for approval.

2.3.2 Party B shall provide sample parts (including but not limited to the main body of the goods, accessories, packaging), tool software and technical materials (including but not limited to: goods hardware specification, maintenance manual, common fault analysis pretreatment method, goods structure assembly drawing, packaging specification, software specification of the main body, pre-test report of each test, etc.) to Party A at each stage of the goods to support the completion of the quality approval test of the new products.

2.4 Continuous Improvement

2.4.1 Any goods or services that violate the agreement between the parties will not be accepted by both parties. Both parties should abide by the principles of continuous improvement and the goal of achieving zero defects.

2.4.2 Party B shall formulate the quality and reliability improvement plan for the goods according to the actual deliverable quality defects, initiate the PPM improvement plan, and give feedback on a regular basis.

Chapter III Change and Anomaly Management

3.1 Change Management

3.1.1 Party B shall obtain the approval of Party A before making any changes as planned that may affect the quality of the goods in the transaction. When one of the following changes is made, Party B will immediately report in writing to Party A to obtain Party A's approval, and make a special statement for the first shipment after the change. Otherwise, once found, Party A will treat the goods after the said change as unqualified for processing, and Party B shall bear the direct economic losses caused to Party A. However, if Party A's consent has been obtained in advance and there is no adverse effect on the quality of the ordered items, it will not fall into the following:

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a) Change in goods design

b) Major changes in manufacturing processes (e.g. tools, processes, methods, materials, tests)

c) Changes in quality assurance system

d) Changes in the brand, packaging and packaging methods

e) Relocation and/or new construction of production site

3.1.2 For any changes made initiatively above, Party B shall notify Party A at least one month in advance to obtain Party A's approval and consent.

3.2 Quality Anomaly Management

3.2.1 For any technical and quality problems that arise when Party A uses Party B's goods, Party B must immediately deal with Party A's complaints and make improvements therefor; Party B must provide temporary improvement measures within 1 working day after receiving written complaints, and provide written solutions to Party A within 3 working days.

3.2.2 Party B shall report according to the format of SCAR or according to the 8D (eight standard steps for solving problems) on its own. All relevant information shall be provided for goods resubmitted after Party B's rework; for such goods, both parties shall negotiate for appropriate follow-up measures.

3.2.3 Due to the poor quality of Party B's goods, which causes Party A's return of a large amount of goods, and which affects the continuity of Party A's production (or the risk of being affected), Party B shall take appropriate measures to solve the problem in the shortest time, including but not limited to:

a) Send enough experts to Party A's premises

b) Party A's authorized representative can access and use Party B's analysis tools

c) Provide solutions to relevant factories, subcontractors and customer factories of Party A; provided that Party B holds harmless Party A against any losses, Party A may supervise but not interfere with Party B's treatment plan.

3.3 Concession Receipt

If the product shall be judged as unqualified batch in Party A's inspection, upon Party B's application, Party A may agree to handle the concession receipt for the purpose of not affecting the production, and Party A shall have the right to deal with the said product at a discount and notify Party B. If Party B fails to send personnel within 3 days from the date of receiving Party A's notice, it shall be deemed to accept Party A's discount (the general discount is 1%-10%, and the specific proportion shall be determined in consultation with Party B). Concession receipt does not exempt Party B from the quality guarantee responsibility.

Chapter IV Quality Requirements

4.1 Technical Standards

4.1.1 The basic quality requirements of Party B's goods shall be implemented in accordance with the latest technical standards promulgated by Party A. If Party A fails to provide the enterprise technical standards, it shall be implemented according to the technical standards of the relevant country or the enterprise technical standards of Party B. Party A's enterprise technical standards include the main performance indicators of the goods and sampling standards, test methods, testing rules, signs, brands, packaging, transportation and storage.

4.1.2 Party A shall use the standard as the basis for the acceptance of Party B's goods, and should the quality standard be disputed, the sealed sample shall prevail. However, if Party A does not know that the sealed sample has defects, even if the goods delivered by Party B are the same as the sample, the quality should still meet the usual standards for the same goods.

4.1.3 Regarding the quality requirements, both parties shall confirm the following quality requirements before Party B manufactures the ordered items or before delivery or change:

a) Drawings, specifications, norms, samples, etc., which are made by Party A and officially handed over to Party B (including drawings, specifications, samples, etc. made by Party B under the commission of Party A).

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b) Drawings, specifications, norms, samples, etc., which are made by Party B and confirmed in writing by Party A.

4.1. 4 The goods delivered by Party B to Party A must meet the latest procurement standards or delivery standards when Party A makes orders.

4.2 National and Regional Mandatory Certification

4.2.1 The goods provided by Party B must pass the national and regional mandatory certification, and Party B shall pass the corresponding certification.

4.2.2 The certification provided by Party B shall be accompanied by the necessary information for verification testing and evaluation. If Party A's test results show that the goods do not conform to the corresponding safety standards, Party B must make improvements immediately and be fully responsible for Party A's losses arising therefrom.

4.2.3 In the process of Party A's products completing the national and regional mandatory certification, Party B shall provide technical information and technical support during the certification process; if necessary, Party B shall be responsible for the certification of the goods provided and bear the fees arising therefrom.

4.2.4 In the process of Party A's products completing the national and regional mandatory certification, Party B shall ensure that the samples and technical materials provided by it can pass the mandatory certification at one time. At any time, for the repetitive certifications caused by Party B, Party B shall bear the expenses for certification and Party A's expenses for the repetitive certifications.

4.2.5 Due to the reasons of Party B, if the mandatory certification cannot be certified according to plan, Party A has the right to cancel all orders and return the goods.

4.2.6 From the date of the first sample delivery for certification, the secondary certification shall be the first-time certification if the design changes are made according to the requirements of Party A.

4.3 Limit Sample

4.3.1 The inspection items cannot be clearly identified by the quality standard by using the functional inspection, after the negotiation between Party A and Party B, Party A or Party B shall make a sealed limit sample and Party A's approval shall be obtained.

4.3.2 After the limit sample is sealed, it shall be stored separately by Party A and Party B, and shall not lose its characteristics during use and storage.

4.3.3 The validity period of the sealed limit sample shall be stipulated according to the specific circumstances, and both parties will re-confirm, update or change according to actual needs.

Chapter V Quality Inspection

5.1 Acceptance and Inspection

5.1.1 Given that the acceptance and inspection is one of the approval procedures of Party A, if necessary, Party A's representative has the right to conduct an on-site inspection before Party B's shipment.

5.1.2 Before the goods are delivered to Party A, Party B shall provide protective measures for the storage of the goods provided; when Party B delivers the goods to Party A, it shall provide a quality inspection report for the shipment.

5.1.3 Party A shall carry out IQC inspection on each batch of goods delivered by Party B in accordance with the incoming inspection specification. The sampling plan is in accordance with the GB2828.1 Standard 2003 Inspection Level II, using a one-time sampling and counting sampling program for inspection. Fatal defect (risk or loss to use or repair, or violation of relevant policies and regulations) AQL is 0; serious defect (makes the performance of the unit goods fail to achieve the expected utility, or reduces the usability of the goods, but does not cause danger or give rise to unsafe situation) AQL is 0.65; light defect (unit goods performance or other indicators, although not meeting the requirements, does not affect the use of the goods) AQL is 1.0. (See the quality inspection standards confirmed by both parties for the classification of defects). When the quality indicator (see Article 5.2) is materially unachievable, Party A shall notify Party B of the result and tighten the inspection of the goods provided by Party B thereafter. AQL will be increased to a higher level, namely fatal defect AQL=0; serious defect AQL=0.4; light defect AQL=0.65.

5.1.4 When the acceptance and inspection fail, Party A shall notify Party B of the result in writing, and Party B shall deliver the substitute to Party A within the time required by Party A or process according to Party A's instructions.

5.1.5 If Party A deems it necessary, it may send its personnel to Party B's factory to supervise its quality status, and Party B shall bear all or part of the expenses and Party B shall so cooperate.

5.1.6 If Party A deems it necessary, it may request Party B to provide a simple test tool free of charge so that Party A can test or analyze the goods and Party B shall so cooperate.

5.1.7 When the same type of goods is accepted and inspected for the second time due to quality problems (the previous acceptance and inspection conclusion is unqualified), Party B shall provide the supporting documents of real-time record regarding the analysis of the cause of the failure and the improvement therefor according to the requirements of Party A. Otherwise, Party A has the right to refuse acceptance and use, thereby causing Party A to stop production and delay production, and thus affecting the Party A's order completion which causes losses and such losses shall be borne by Party B.

5.2 Quality Indicators

5.2.1 The quality of the goods provided by Party B shall meet at least the requirements of the following quality indicators. If the following indicators cannot be achieved, Party A shall impose sanctions on Party B in accordance with the relevant provisions of Annex II.

Material category	LAR (%)	RIDPPM	Remarks

5.2.2 Calculation method:

LAR = (sampling qualified batch/sampling inspection batch) *100%

RIDPPM = (number of defects/test number) *1000000

5.2.3 Quality indicators are based on the annual KPI indicators of Party A. In order to ensure the long-term continuous improvement of the quality of goods, to stabilize and improve the quality of goods, Party B needs to sign annual quality indicators to Party A according to the annual indicators of Party A.

Chapter VI Quality Recording and Traceability

6.1 Inspection records

When Party A requests, Party B shall provide Party A with the actual quality data of the delivered goods, including but not limited to:

6.1.1 Provide the factory inspection pass rate with the goods;

6.1.2 Monthly quality data during the production process, including input-output ratio, and key process pass rate;

6.1.3 Monthly CPK report during the production process;

6.1.4 Quarterly SPC statistical analysis report of key processes during the production process.

6.2 Record Keeping

6.2.1 The records of the inspection, test and other results of Party B shall be properly kept at least during the execution period as provided by the document preservation requirements. Party A shall be allowed to read or a copy may be submitted to Party A at the request of Party A.

6.2.2 For goods with safety requirements, Party B shall retain the relevant quality records of the goods, production process quality records, quality monitoring test records, etc. for 3 years.

6.3 Retrospective Management

In order to make the batch of ordered items easy to be tracked, Party A shall conduct effective management according to the methods agreed by Party A and Party B. The goods provided by Party B shall have the following marks: the name of the goods, brand, model, quantity, production date, production batch number, manufacturer, Party A's material code, etc..

Chapter VII Responsibility and Laws

7.1 Environmental and Social Responsibility

7. 1. Party B shall undertake to apply and promote the environmental management system in accordance with IS014001;

7.1.2 Party B shall systematically confirm whether the goods contain environmentally banned substances or excessively contain restricted substances to ensure that the goods meet the requirements;

7.1.3 Under any circumstance, the goods provided by Party B shall comply with relevant environmental, health and safety regulations, and comply with relevant environmental laws for identification and resource reuse;

7.1.4 Party B shall undertake to apply and promote the social responsibility standards in accordance with SA8000;

7.1.5 Party B shall abide by the state and other applicable laws and other regulations, oppose child labor, coercive labor, disciplinary measures of a discriminatory nature; ensure health and safety, encourage freedom and collective bargaining rights, and abide by statutory working hours and remuneration, etc..

7.2 Laws

7.2.1 This Agreement shall be governed by the laws of the People's Republic of China. The dispute arising from this Agreement shall be settled by friendly negotiation between the two parties. If the negotiation fails, the parties agree to be subject to the jurisdiction of the court where Party A is located.

7.2.2 If any provision of this Agreement conflicts with existing laws and regulations, it will not affect the other provisions of this Agreement to continue to take effect.

7.2.3 Other supporting agreements and documents signed by both parties, which are related to this Agreement, have the same legal effect as this Agreement.

7. 3 Miscellaneous

7.3.1 Matters not covered shall be jointly resolved by the parties.

7.3.2 This Agreement is made in duplicate which will take effect after signed and sealed by both parties, and each party will hold one counterpart.

7.3.3 The free samples required for the recognition and certification of Party B's goods shall be negotiated by both parties.

7.3.4 The adjustment of the quality indicators shall be decided by both parties in accordance with the type of goods and the cooperation.

Exhibit 21.1

List of Principal Subsidiaries and Variable Interest Entities of the Registrant

Subsidiary	Place of Incorporation
Viomi HK Technology Co., Limited	Hong Kong
Lequan Technology (Beijing) Co., Ltd.	People's Republic of China
Variable Interest Entity	**Place of Incorporation**
Foshan Yunmi Electric Appliances Technology Co., Ltd	People's Republic of China
Beijing Yunmi Technology Co., Ltd	People's Republic of China
Subsidiaries of Foshan Yunmi Electric Appliances Technology Co., Ltd	**Place of Incorporation**
Foshan Xiaoxian Electrical Technology Co., Ltd.	People's Republic of China
Foshan Discovery Electrical Technology Co., Ltd.	People's Republic of China

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HAN KUN LAW OFFICES

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July 30, 2018

To: Viomi Technology Co., Ltd (the "Company")

Wansheng Square, Rm 1302 Tower C, Xingang East Road, Haizhu District
Guangzhou, Guangdong, 510220
People's Republic of China

Dear Sirs or Madams:

We are qualified lawyers of the People's Republic of China (the "PRC" or "China", and for the purpose of this opinion only, the PRC shall not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) and as such are qualified to issue this opinion on the laws and regulations of the PRC effective as at the date hereof.

We act as the PRC counsel to the Company in connection with (i) the proposed initial public offering (the "Offering") of American depositary shares (the "ADSs"), each representing a certain number of ordinary shares of the Company, par value US$ 0.0001 per share (the "Ordinary Shares"), as set forth in the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission under the U.S. Securities Act of 1933 (as amended) in relation to the Offering, and (ii) the Company's proposed listing of the ADSs on the New York Stock Exchange or NASDAQ Global Market.

A. Documents and Assumptions

In rendering this opinion, we have examined originals or copies of the due diligence documents provided to us by the Company and the PRC Companies (as defined below) and such other documents, corporate records and certificates issued by the governmental authorities in the PRC (collectively the "Documents").

In giving this opinion, we have made the following assumptions (the "Assumptions"):

(i) all signatures, seals and chops are genuine, each signature on behalf of a party thereto is that of a person duly authorized by such party to execute the same, all Documents submitted to us as originals are authentic, and all Documents submitted to us as certified or photostatic copies conform to the originals;

(ii) each of the parties to the Documents, other than the PRC Companies, is duly organized and is validly existing in good standing under the laws of its jurisdiction of organization and/or incorporation; each of them, other than the PRC Companies, has full power and authority to execute, deliver and perform its obligations under the Documents to which it is a party in accordance with the laws of its jurisdiction of organization;

(iii) the Documents presented to us remain in full force and effect on the date of this opinion and have not been revoked, amended or supplemented, and no amendments, revisions, supplements, modifications or other changes have been made, and no revocation or termination has occurred, with respect to any of the Documents after they were submitted to us for the purposes of this legal opinion;

(iv) the laws of jurisdictions other than the PRC which may be applicable to the execution, delivery, performance or enforcement of the Documents are complied with; and

(v) all requested Documents have been provided to us and all factual statements made to us by the Company and the PRC Companies in connection with this legal opinion are true, correct and complete.

B. Definitions

In addition to the terms defined in the context of this opinion, the following capitalized terms used in this opinion shall have the meanings ascribed to them as follows.

"Governmental Agency" means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC, or any body exercising, or entitled to

exercise, any administrative, judicial, legislative, police, regulatory, or taxing authority or power of similar nature in the PRC.

"New M&A Rules" mean the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was issued by six PRC regulatory agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the "CSRC"), and the State Administration for Foreign Exchange, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.

"PRC Companies" mean, collectively the PRC Subsidiary, the VIE Entities, Foshan Xiaoxian Electrical Technology Co., Ltd. (□□□□□□□□□□□□□□□), Foshan Discovery Electrical Technology Co., Ltd. (□□□□□□□□□□□□□□□), and each, a "PRC Company".

"PRC Laws" mean all applicable national, provincial and local laws, regulations, rules, notices, orders, decrees and supreme court judicial interpretations in the PRC currently in effect and publicly available on the date of this opinion.

"PRC Subsidiary" means Lequan Technology (Beijing) Co., Ltd. (□□□□□□□□□□□□□).

"VIE Entities" mean Foshan Yunmi Electric Appliances Technology Co., Ltd (□□□□□□□□□□□□□□) and Beijing Yunmi Technology Co., Ltd (□□□□□□□□□□□).

C. Opinions

Based on our review of the Documents and subject to the Assumptions and the Qualifications, we are of the opinion that:

(1) Based on our understanding of the PRC Laws, (a) the ownership structure of the PRC Subsidiary and the VIE Entities, both currently and immediately after giving effect to this Offering, will not result in any violation of PRC Laws; and (b) the contractual arrangements among the PRC Subsidiary, the VIE Entities and the shareholders of each VIE Entity governed by PRC Laws, both currently and immediately after giving effect to this Offering, are valid, binding and enforceable, and will not result in any violation of PRC Laws. However, there are substantial uncertainties regarding the interpretation and application of PRC Laws, and there can be no assurance that the Governmental Agencies will ultimately take a view that is consistent with our opinion stated above.

(2) The New M&A Rules, among other things, purport to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Company's offering are subject to the CSRC approval procedures under the New M&A Rules. Given that (1) the PRC Subsidiary was incorporated as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the New M&A Rules that are the beneficial owners of the Company; and (2) no provision in the New M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the New M&A Rules, based on our understanding of the current PRC Laws, including the New M&A Rules, a prior approval from the CSRC is not required for the Offering, although uncertainties still exist as to how the New M&A Rules will be interpreted and implemented and our opinion stated above is subject to any new laws, rules, regulations or detailed implementations and interpretations in any form relating to the New M&A Rules.

(3) There is uncertainty as to whether the courts of China would (a) recognize or enforce judgments of United States courts obtained against the Company or directors or officers of the Company predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or (b) entertain original actions brought in each respective jurisdiction against the Company or directors or officers of the Company. The recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity 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 a company or its directors and officers if they decide that the judgment violates the basic principles of PRC Laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

(4) The statements made in the Registration Statement under the caption "Taxation—People's Republic of China Taxation," with respect to the PRC tax laws and regulations, constitute true and accurate descriptions of the matters described therein in all material aspects.

(5) The statements in the Registration Statement under the sections entitled "Prospectus Summary", "Risk Factors", "Corporate History and Structure", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Enforceability of Civil Liabilities", "Use of Proceeds", "Dividend Policy", "Business", "Related Party Transactions", "Regulations", to the extent that they constitute legal matters of PRC Laws or summaries of legal matters under the PRC Laws, are correct and accurate in all material respects, and nothing has been omitted from such statements which would make the same misleading in any material respect.

Our opinion expressed above is subject to the following qualifications (the "Qualifications"):

(a) Our opinion is limited to the PRC Laws of general application on the date hereof. We have made no investigation of, and do not express or imply any views on, the laws of any jurisdiction other than the PRC.

(b) The PRC Laws referred to herein are laws and regulations publicly available and currently in force on the date hereof and there is no guarantee that any of such laws and regulations, or the interpretation or enforcement thereof, will not be changed, amended or revoked in the future with or without retrospective effect.

(c) Our opinion is subject to the effects of (i) certain legal or statutory principles affecting the enforceability of contractual rights generally under the concepts of public interest, social ethics, national security, good faith, fair dealing, and applicable statutes of limitation, (ii) any circumstance in connection with formulation, execution or performance of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercionary or concealing illegal intentions with a lawful form, (iii) judicial discretion with respect to the availability of specific performance, injunctive relief, remedies or defenses, or calculation of damages, and (iv) the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.

(d) This opinion is issued based on our understanding of the current PRC Laws. For matters not explicitly provided under the current PRC Laws, the interpretation, implementation and application of the specific requirements under PRC Laws are subject to the final discretion of competent PRC legislative, administrative and judicial authorities, and there can be no assurance that the Government Agencies will ultimately take a view that is not contrary to our opinion stated above. Under relevant PRC Laws, foreign investment is restricted in certain businesses and subject to government authorizations. The interpretation and implementation of these PRC Laws, and their application to and effect on the legality, binding effect and enforceability of contracts, including the contractual arrangements among the PRC Subsidiary, the VIE Entities and the shareholders of each VIE Entity, are subject to the discretion of competent PRC legislative, administrative and judicial authorities.

(e) This opinion is intended to be used in the context which is specifically referred to herein.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to the Registration Statement, and to the reference to our name in such Registration Statement.

Yours faithfully,

/s/ HAN KUN LAW OFFICES

HAN KUN LAW OFFICES

Exhibit 99.3

Shanghai iResearch Co., Ltd, China
R701 Tower B, Zhongjin International, Caoxi North No. 333, Xuhui District
Shanghai, China

30 July, 2018

Viomi Technology Co., Ltd
Wansheng Square, Rm 1302 Tower C
Xingang East Road, Haizhu District
Guangzhou, Guangdong, 510220
People's Republic of China

Re: Consent of iResearch

Ladies and Gentlemen,

We, Shanghai iResearch Co., Ltd., China, understand that Viomi Technology Co., Ltd (the "Company") plans to file a registration statement on Form F-1 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto (collectively, the "Reports"), and any subsequent amendments to the Reports, as well as the citation of our independent valuation reports and amendments thereto, in the Registration Statement and any amendments thereto, in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F or Form 6-K or other SEC filings (collectively, the "SEC Filings"), on the websites of the Company and its subsidiaries and affiliates, in institutional and retail road shows and other activities in connection with the Proposed IPO, and in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings.

Yours faithfully,
For and on behalf of
Shanghai iResearch Co., Ltd., China

/s/ Lily Zou
Name: Lily Zou
Title: Co-president

Exhibit 99.4

[Valuation Firm Letterhead]

July 30, 2018

Viomi Technology Co., Ltd
Wansheng Square, Rm 1302 Tower C
Xingang East Road, Haizhu District
Guangzhou, Guangdong, 510220
People's Republic of China

Re: Viomi Technology Co., Ltd

Ladies and Gentlemen,

We understand that Viomi Technology Co., Ltd (the "Company") plans to file a registration statement on Form F-1 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the references to our name and the inclusion of information, data and statements from our independent valuation reports and amendments thereto (collectively, the "Reports"), and any subsequent amendments to the Reports, as well as the citation of the Reports, in the Registration Statement and any amendments thereto, in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F or Form 6-K or other SEC filings (collectively, the "SEC Filings"), on the websites of the Company and its subsidiaries and affiliates, in institutional and retail road shows and other activities in connection with the Proposed IPO, and in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

/s/ Vincent C B Pang
Name: Vincent C B Pang
Title: Managing Director