An [**REDACTED**] in our Class B Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] in our Class B Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our Class B Shares could significantly decrease due to any of these risks, and you may lose all or part of your [**REDACTED**].

We believe that there are certain risks involved in our operations, many of which are beyond our control. We have categorised these risks and uncertainties into:

A. risks related to our business and growth prospects;

B. risks related to international trade and taxation;

C. risks related to our supply chain partners and other third parties;

D. risks related to data security, IP and technology;

E. risks related to labour practices;

F. environmental, social and governance risks;

G. risks related to our financial performance, capital resources and internal control;

H. risks related to consumer protection and marketing;

I. general regulatory and litigation risks; and

J. risks related to our Class B Shares and the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

A. RISKS RELATED TO OUR BUSINESS AND GROWTH PROSPECTS

Growth, Profitability and Competition

We have grown rapidly since our inception, and there is no assurance that our growth will continue. In particular, we recorded a net loss of US$99 million for the three months ended 31 March 2026, and there is no assurance that we will achieve or maintain profitability in the future.

We have grown rapidly since our business commenced in 2012. Our total orders increased from 715 million in 2023 to 919 million in 2024 and further to 1,078 million in 2025, and increased from 970 million for the twelve months ended 31 March 2025 to 1,090 million for the twelve months ended 31 March 2026. Our net revenues increased from US$32.1 billion in 2023 to US$38.7 billion in 2024 and further to US$41.8 billion in 2025, and increased from US$9.0 billion in the three months ended 31 March 2025 to US$9.1 billion in the same period in 2026. There is no assurance that we will continue to grow at the same rate or at all. For example, our growth will suffer if we fail to continue to expand into new markets and product categories or grow our marketplace business. A number of other factors may also cause our growth rate to decline, some of which are beyond our control, including increasing competition, emergence of alternative business models, declining growth of our overall market or industry, changes in general economic conditions, decreasing consumer spending, and changes in rules, regulations and government policies or the implementation and interpretation thereof. Our results of operations and financial condition may be materially and adversely affected if we experience slower growth.

To sustain and effectively manage our growth, we must continue to execute our strategies and operational plans, improve and expand our infrastructure, and expand, train and manage our employees. We are required to manage numerous relationships with a vast network of supply chain partners and other third parties. There is no assurance that we will be able to execute our growth strategies and effectively manage the further development of our operations, supply chain, fulfilment systems, technology systems or internal controls and procedures to support our continued growth. Our financial condition, including profitability, may be affected as we expand into new markets, new product categories or new business models, or when competition further intensifies. For example, our marketing expenses may increase significantly as a result of our sales and marketing efforts in the new markets, for new product categories or for new business models. If we fail to execute our growth strategies, sustain our growth or manage our growth effectively, our business, financial condition and results of operations may be materially and adversely affected.

Although we recorded net income in 2023, 2024 and 2025, respectively, we cannot assure you that we will sustain profitability in the future, and you should not rely on our historical profitability as an indication of our future performance. We recorded a net loss of US$99 million in the three months ended 31 March 2026, compared to net income of US$395 million in the same period of 2025, primarily due to fair value losses on our convertible redeemable preferred shares recorded in the three months ended 31 March 2026. Our future profitability may continue to be adversely affected by various factors beyond our control.

If we are unable to acquire, retain and serve customers effectively, our business, financial condition and results of operations may be materially and adversely affected.

Our future growth depends on our ability to retain existing customers, drive order frequency and spending and attract new customers. If we fail to generate repeat purchases from existing customers, or fail to attract new customers or do so in a cost-effective manner, our business, financial condition and results of operations may be materially and adversely affected. We believe that our ability to acquire, retain and serve customers effectively depends on several factors, including whether we are able to:

- continue to provide a wide selection of products embodying the latest trends, at attractive pricing and meeting the increasing demand for the sustainability of our products;
- conduct effective quality control;
- ensure reliable and timely delivery of our products;
- offer a reliable and user-friendly online interface for our customers to browse and purchase our products; and
- provide effective after-sales services.

If we fail to continue to work effectively with our supply chain partners and other third parties to provide a wide selection of products, or should we or our fulfilment service providers fail to deliver our products or process returns in a convenient and reliable manner, our reputation, attractiveness and customer loyalty could be negatively affected. Our sales may also be negatively affected if our mobile apps and websites are severely interrupted or otherwise fail to meet our customer requests. In addition, we depend on our call centre and online customer service representatives to provide live assistance to our customers via online chats or other means. If our customer service representatives fail to meet customer expectations, our reputation, the attractiveness of our products, and customer loyalty could be negatively affected, and we may lose potential or existing customers. If we are unable to continue to provide high-quality customer service, we may not be able to attract new purchases from existing customers or attract new customers, which may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, our ability to attract new customers also depends in part on our ability to successfully expand into new product categories or geographic markets. We may not be able to provide a good consumer experience when expanding into new markets or product categories, due to unfamiliarity with the local market or product category, differences in consumer preferences and payment habits, local logistics infrastructure, and supply chain challenges. Cultural or social differences amongst different markets may also affect consumer perception and acceptance of our brands and products. If we fail to provide a good consumer experience when expanding into new markets or product categories, our customer satisfaction and loyalty will be affected, which may have a material adverse effect on our business, financial condition and results of operations.

We face intense competition and may fail to compete effectively with our competitors in attracting customers and suppliers, in which case our business and growth prospects may be materially and adversely affected.

We operate in a highly competitive industry. We primarily compete with global fashion retailers. To a certain extent, we also compete with online marketplaces that have fashion offerings.

Some of our existing and potential competitors may have longer operating histories, larger fulfilment infrastructures, greater technological capabilities, greater financial, marketing, institutional and other resources and larger customer bases than we do. These factors may allow our competitors to derive greater revenue and profits from their repeat customer bases, acquire customers at lower costs or respond more quickly than we can to new or emerging technologies and changes in fashion trends and consumer shopping behaviour. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their repeat customer bases more effectively than we do. If we fail to compete effectively with these competitors, we may fail to attract new customers or lose our existing customers to our competitors, in which case our business and growth prospects will be adversely affected.

Furthermore, we also compete with our competitors in attracting supply chain partners, and if we fail to compete effectively in this regard, we may fail to maintain and grow a strong base of supply chain partners. We may lose our supply chain partners to competitors and may fail to find suitable alternatives. If this were to happen, it would impact our ability to offer a wide selection of products at competitive prices, and, as a result, our business, financial condition and results of operations may be materially affected.

In expanding our business and operations into new markets, we may face challenges arising from local market conditions, competitive landscape and regulations and policies, as well as other risks inherent in operating global businesses, all of which may hinder our ability to continue to expand and grow our business.

We face challenges and risks associated with expanding our business and operations into an increasing number of markets. New markets that we expand into from time to time may have competitive conditions, consumer tastes, and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets, and may have materially different regulations to comply with. In addition, in certain markets, we have relatively little operating experience and may not benefit from any past experience or otherwise succeed. In new and existing markets, we may face protectionist policies that could hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies. Local companies may have a substantial competitive advantage because of their greater knowledge of, and focus on, local customers, as well as their more established local brand names, requiring us to build brand awareness in the local market through greater investments in advertising and promotional activity. We may also face competition from other established global retailers with a presence in the local markets. Some of these competitors may have greater resources and brand recognition than we do, and we may not be able to successfully compete with them, which could result in our failure to establish a strong presence in the new market. The expansion of our business will also expose us to risks and challenges inherent in operating businesses globally, including:

- lack of acceptance of our products, and challenges of localising our products, services and technologies to appeal to local preferences;

- failure to effectively or efficiently locate and cooperate with local suppliers and other third parties;

- failure to attract and retain capable talent with international perspectives who can effectively manage and operate local businesses;

- availability, reliability and security of international and local payment systems and logistics infrastructure and services and failure to effectively manage the associated costs;

- challenges of maintaining efficient and consolidated internal systems, including technology infrastructure, and of achieving customisation and integration of these systems with the other parts of our technology platform;

- national security policies that restrict our ability to utilise technologies that are deemed by local governmental regulators to pose a threat to their national security;

- differing, complex and uncertain import/export and tax laws, rules and regulations or other trade barriers or restrictions, compliance obligations relating to any of the foregoing and consequences of any non-compliance or perceived non-compliance, and any new developments in these areas;

- the need for increased resources to manage regulatory compliance across our global businesses, and the potential need to terminate relationships with existing supply chain partners for purposes of regulatory compliance and to find alternative supply chain partners, and the associated risks and additional costs;

- compliance with environmental and social laws and privacy and data security laws, compliance costs across different legal systems, and consequences of non-compliance or perceived non-compliance with such laws;

- heightened restrictions and barriers on the transfer of data between different jurisdictions;

- business licensing or certification or market access requirements in local markets;

- exchange rate fluctuations;
- geopolitical tensions; and
- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism.

Failure to manage these risks and challenges could negatively affect our ability to expand into new markets and to continue to grow our business and operations, which in turn may materially and adversely affect our business, financial condition and results of operations.

The new products or new product categories that we introduce may fail to meet evolving customer preferences and may expose us to additional legal and other challenges and risks.

We continually expand our product offerings by increasing our assortment within existing categories and entering into new categories to fulfil a greater variety of customer needs. Our introduction of new products within existing categories or new product categories involves new risks and challenges. Our past results of operations should not be taken as indicative of our future performance. Our lack of relevant experience or a track record relating to these product categories may make it more difficult for us to keep pace with evolving customer demands and preferences. In addition, our expanded or new product categories may be subject to governmental regulation and registration requirements and may expose us to regulatory investigations and/or product liability claims.

If we cannot successfully manage our expansion into new product categories, we may not be able to recover the costs of our investments associated with any such expansion and may fail to attract customers and sustain our business growth, and our business, financial condition and results of operations may be materially and adversely affected.

Brand, Reputation and Products

Negative publicity associated with our brand, business partners or industry may reduce the value and attractiveness of our brand and products, which would have a material adverse impact on our business, financial condition and results of operations.

From time to time, we receive customer complaints, inquiries from authorities or negative publicity about, amongst other things, our products, supply chain, product delivery, return and refund policies, our mobile apps and websites, our marketing practices, our security practices, our customer support, and the retail fashion industry in which we operate in general. For example, we have been subject to negative publicity and lawsuits related to alleged plagiarism in product designs. See "— D. Risks Related to Data Security, IP and Technology — Intellectual Property and Technology Infrastructure — We are from time to time subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business operations". These complaints, inquiries and negative publicity could negatively impact our sales and result in harm to our brands. Damage to our reputation or loss of customer confidence for these or other reasons may reduce demand for and purchases of our products and require us to expend additional resources to rebuild our reputation.

Our business could be adversely impacted if negative publicity in relation to our brand, the industry we are in, our business model, the Company or our business partners diminishes the appeal of our brand to consumers. For example, we do not control the practices of our contract manufacturers, or the merchants on our marketplace, and a violation or alleged violation by such supply chain partners of our policies, laws and regulations or accepted practices (or the failure of such supply chain partner to prevent any such violation by its own suppliers) could interrupt or otherwise disrupt our sourcing, damage our brand or lead to inquiries or investigations from governmental authorities directed at us. See "— C. Risks Related to Our Supply Chain Partners and Other Third Parties — Supply Chain and Logistics — The behaviour of our supply chain partners may adversely affect our business and reputation". Negative publicity regarding production methods, alleged practices or workplace or related conditions of any of our supply chain partners or other business partners could adversely affect our reputation and sales and force us to engage alternative supply chain partners or other business partners. In certain markets, we may license our brand and other intellectual property to local business partners, and the behaviour of such partners, and any negative publicity associated with them, could harm our brand image and hinder our business in those markets. We have been subject to a significant amount of such negative publicity in relation to our brand, the industry we are in, our business model, us or our business partners, such as negative reports from non-governmental organisations and the media, and we may in the future receive additional such negative publicity. In addition, we, our directors and/or management have been, and may in the future be, the subject of unverified, inaccurate or misleading information in the press, such as in relation to our environmental and social practices or those of our supply chain partners. Any of such negative publicity, even if untrue or inaccurate, may affect our reputation, brand image and consumer willingness to purchase products from us, which may affect our product sales and in turn would have a material adverse impact on our business, financial condition and results of operations.

If we are unable to identify fashion trends or react to changing consumer preferences in a timely manner, our product offerings may become less attractive to consumers, and our business, financial condition and results of operations may be materially and adversely affected as a result.

Our success largely depends on our ability to consistently gauge customer tastes and fashion trends and provide a wide selection of products that satisfy customer demands in a timely manner. This is made possible by our proprietary LATR operating model, which is underpinned by our end-to-end intelligent supply chain, and agile global fulfilment network. Any failure to anticipate, identify or react appropriately or in a timely manner to fashion trends or changes in customer preferences and tastes could render our product offerings less attractive to our customers, negatively impact our sales, and result in diminished brand loyalty. Moreover, this could also cause excess inventory or inventory shortages, markdowns and write-offs, which may materially and adversely affect our financial condition and results of operations.

Our business is affected by fluctuations in consumer spending as a result of changes in economic conditions.

Our business is subject to global economic conditions and their impact on consumer discretionary spending. Consumer purchases of discretionary items, including fashion and lifestyle products, may decline during periods of economic uncertainty, when disposable income decreases or when there is a reduction in consumer confidence. In that case, the overall consumer willingness to purchase our products may decline, and our sales and results of operations may suffer as a result. Some of the factors that may negatively influence consumer spending include inflation, fluctuating currency exchange rates, high levels of unemployment, higher consumer debt levels, reductions in net worth, declines in asset values and related market uncertainty, fluctuating interest rates and credit availability, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment. In challenging and uncertain economic environments, we cannot predict when adverse macroeconomic changes may arise, whether or when such circumstances may improve or worsen or to what extent such circumstances could harm our business.

If we are unable to launch or expand business initiatives, such as providing brand enablement services leveraging our proprietary infrastructure, or execute our strategies effectively, our business may be materially and adversely affected.

We expect to further expand our business, including by launching new initiatives. Doing so is likely to increase the complexity of our operations and strain our management, operational and financial resources, and may expose us to additional risks and costs. For example, we have begun to make our infrastructure more widely available to designers and brands, such as through the expansion of the SHEIN X and SHEIN Xcelerator programmes, and we intend to intensify our efforts in this regard. We cannot assure you that these efforts will be successful. There is no guarantee that we will be able to effectively launch, expand, manage or operate this or any other new initiative. Any new initiatives may increase our expenses without resulting in a commensurate increase in our revenues, fail to achieve market acceptance, present new and difficult technological or operational challenges, or otherwise be unsuccessful, and ultimately any such failure to manage and operate new initiatives could materially and adversely affect our business, prospects, financial condition and results of operations.

We may be unable to expand our online marketplace model successfully, and this model may have potential material impacts on our growth and margin profile and may subject us to risks arising from improper merchant activities on our marketplace.

To complement our main business, we have launched and are continuing to invest in an online marketplace business that enables other merchants to sell directly to customers on our marketplace. There is no guarantee that such investment will pay off and that we will succeed in our efforts. In addition, the marketplace business may have a material impact on our business, financial condition and results of operations including growth and margin profile. Some of the products offered by third-party merchants on our marketplace may potentially compete with our own products. Moreover, our net revenues are expected to be affected by the mix of product offerings, and mix of product and service revenue, as the marketplace model continues to develop. As our marketplace business continues to grow, our cost as a percentage of net revenues could change over time.

In addition, as a marketplace operator, we are affected by the activities of the merchants on our marketplace. We may not be able to effectively monitor merchants' compliance with our policies or completely prevent improper merchant behaviour or non-compliance. For example, merchants on our marketplace may engage in illegal or improper activities such as selling counterfeit, illegal or infringing products, offering products of low quality or that do not comply with safety and labelling regulations, posting product listings that are not compliant with applicable laws or regulations on our marketplace, engaging in fictitious transactions to artificially inflate their sales records, failing to pay tax and fees pursuant to applicable laws and regulations, or activities that violate other applicable laws such as those related to consumer protection, environmental protection and anti-money laundering. Ongoing and future regulatory developments may change the scope of liability for marketplace operators and increase our liability as a host for merchant activity, which could lead to us being held directly or secondarily liable for the behaviour of our merchants, including potentially for their conduct over which we have no control or influence. As such, merchant activities on our marketplace could damage our reputation and brand image, diminish consumer confidence in us, result in governmental inquiries, investigations, litigation, or penalties, and materially and adversely affect our business, financial condition and results of operations. For example, in November 2025, French authorities commenced proceedings against us regarding the sale of certain inappropriate products by third-party merchants on our marketplace. We immediately removed the relevant products and banned the merchants involved in this incident from our marketplace, and cooperated with the authorities in the investigation. In December 2025, a court dismissed the French government's request to suspend our French website for three months, while ordering no sale of certain adult products on our French website until a substantive age-verification mechanism is implemented. In March 2026, the appellate court rendered its decision upholding the original judgment, dismissing all of the French government's claims. We have implemented an age-verification system on our websites in Europe and are gradually rolling this system out to certain other markets. When users attempt to browse relevant products, product images are blurred by default, and users are required to complete an online age-verification process through a third-party service provider before they can view such content. In addition, to prevent similar incidents from occurring, we have strengthened our product listing review procedures by adopting a combined automated and manual review process to screen product images and descriptions prior to listing. Notwithstanding the foregoing, given the evolving nature of laws and regulations applicable to our business across the jurisdictions in which we operate, there remains uncertainty as to future judicial or regulatory actions against us, which may subject us to similar investigation, penalties, or reputational harm in the future.

Macroeconomic and Other Matters

We face risks related to natural disasters, health epidemics and other outbreaks, wars and conflicts, and climate change and other environmental issues, which could significantly disrupt our operations and result in adverse economic changes that affect our business.

Our operations are vulnerable to interruption and damage from natural and other types of disasters, such as earthquakes, fires, typhoons, floods, environmental accidents, power loss, and communication failures. If any natural disaster, extreme weather or other extraordinary event were to occur in an area where we operate, our ability to operate our business could be seriously impaired. Our business operations and results of operations could be adversely affected by any prolonged occurrence of adverse public health developments or outbreak of epidemics, such as the outbreak of COVID-19.

We are also subject to risks associated with wars and conflicts, which may disrupt or halt our business operations in the affected areas. See "— B. Risks Related to International Trade and Taxation — Tariffs and International Trade Policy — Escalation of tensions in international relations and the resulting changes in international trade policies may affect our product sales to the global markets and have an adverse impact on our business, financial condition and results of operations".

In addition, we face risks arising from climate change and other environmental issues, such as waste and pollution. There is increasing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe, an increase in the frequency, severity, and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. These events could adversely impact the availability of certain raw materials that are used in the production of our products, increase our sourcing costs, and impact the types of apparel products offered by us.

Natural disasters, health epidemics and other outbreaks, wars and conflicts, and climate change and other environmental issues could also lead to adverse economic conditions that impact consumer confidence and discretionary spending. As a result, our product sales and results of operations may be materially and adversely affected.

We may expend substantial resources on acquisitions and investments and fail to realise any significant benefits.

Acquisitions and investments have been a component of our growth and the development of our business, in which we may continue to engage in the future. However, we cannot be certain that the expected synergies, efficiencies and cost savings from the acquisitions and investments will be realised. Even if achieved, these benefits may be delayed or reduced in their realisation. We cannot guarantee that any acquisition or investment we may make will be successful or beneficial, and acquisitions and investments can consume significant amounts of management attention and other resources. It is possible for us to expend substantial resources on acquisitions and investments, which strains our capital resources and has an adverse effect on our financial position, and fail to realise any significant benefits, while our prospects of organic growth would be adversely affected due to inadequate management attention or allocation of other resources. In addition, the financial markets' reaction to acquisitions is often uncertain. If we effect a significant acquisition in the future, [**REDACTED**] may react negatively and the price of our Shares may decline as a result.

B. RISKS RELATED TO INTERNATIONAL TRADE AND TAXATION

Tariffs and International Trade Policy

Escalation of tensions in international relations and the resulting changes in international trade policies may affect our product sales to the global markets and have an adverse impact on our business, financial condition and results of operations.

As we sell products to customers across approximately 160 markets around the world, our ability to move goods and conduct operations worldwide is essential to our business. There have been heightened tensions in international relations in recent years and these tensions are expected to escalate at an accelerated pace in the future. These tensions have led to changes in international trade policies and, as they further escalate, may result in additional barriers to trade. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions. This makes it difficult to predict future developments regarding tariffs and other trade restriction and additional trade tariffs and restrictions may be imposed in the future. For example, the tensions between the United States and China in recent years have led to additional or higher tariffs imposed by the United States on certain products imported from China and restrictions on the sale of certain products into the United States. Geopolitical and/or economic relations between China and the United States may continue to change, which could lead to the implementation of additional restrictive trade policies. As we generated approximately 24% and 23% of our revenues from the United States in 2025 and for the three months ended 31 March 2026, respectively, such restricted trade policies, which affect our sale of products to the US market, may have a material negative impact on our business, financial condition and results of operations. See "Tariffs and International Trade Policy — The modification or removal of the *de minimis* or other similar exemptions from import duties, or the increase of tariffs, value-added taxes or other duties, may materially and adversely affect our business and financial condition".

We sell products to a large number of countries and regions around the world, including the United States and Europe. Currently, the substantial majority of the products sold by us or on our marketplace originate from the Chinese mainland. Tariffs and other trade restrictions imposed by any country where we sell products, particularly on products shipped from China, could significantly hinder our ability to sell products to that country.

In light of these circumstances, other jurisdictions may take further actions, including adopting new laws and regulations, or put in place new trade or other restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could restrict our ability to source products and sell products to the global markets, could increase our costs or reduce the competitiveness of our product prices and could affect our ability to ship and deliver products to our customers on a timely basis or at all, any of which could harm our business, financial condition and results of operations.

In 2020, the Indian government banned dozens of mobile apps, including our apps. Other countries may take similar actions in the future for reasons we cannot foresee and that are beyond our control, which may prevent us from operating in that country. Recently, tensions in international relations have further escalated due to the war in Ukraine, sanctions on Russia and the wars and conflicts in the Middle East. In particular, the recent Iran war has affected consumer demand in the Middle East market, disrupted key shipping routes including through the Strait of Hormuz, increased oil prices and freight costs, and caused delays and disruptions in global supply chains, which has affected our business through reduced market demand for our products, higher logistics expenses and extended delivery times to certain markets. For more details, see "Summary — Recent Developments and No Material Adverse Change — Iran War." The current and future tensions or escalations that affect international relations may cause global economic turmoil, reduce consumer spending and potentially have a negative impact on our business, financial condition and results of operations.

The modification or removal of the de minimis or other similar exemptions from import duties, or the increase of tariffs, value-added taxes or other duties, may materially and adversely affect our business and financial condition.

A substantial majority of the products purchased from us or through our marketplace and shipped to the United States were previously imported under the *de minimis* exemption level of $800 provided in Section 321 of the Tariff Act of 1930, which exempts packages shipped to the United States under that value from import duties as long as certain requirements are met.

Since early 2025, U.S. President Trump has implemented significant changes to U.S. trade policy with China. Amongst other things, the *de minimis* exemption was terminated for imports from China, effective on 2 May 2025. Shipments under US$800 from China and delivered to the United States (except for shipments sent through the international postal network which are subject to a specific duty) are no longer entitled to tariff exemptions and are subject to tariffs based on product categories. Shipments from China via the international postal network became subject to a 54% ad valorem tax or, alternatively, a flat fee of US$100 per postal item. On 30 July 2025, President Trump signed another executive order suspending the *de minimis* exemption for imports from all countries (except for shipments sent through the international postal network which are subject to a specific duty), which took effect on 29 August 2025. The suspension was reaffirmed by an executive order signed by President Trump on 20 February 2026, which confirmed its continued effectiveness following the U.S. Supreme Court's recent ruling on tariffs. These developments significantly affect cross-border retailers. In addition, President Trump has sought to impose additional tariffs on Chinese imports. Initially, 145% additional tariffs were imposed on Chinese imports, which were later suspended, and 30% additional tariffs were applied instead. In November 2025, China and the United States reached an agreement that extended the suspension through 10 November 2026 and lowered the applicable additional tariffs by 10%. Despite this agreement, long-term tariff rates remain subject to future bilateral negotiations.

On 20 February 2026, the U.S. Supreme Court issued a ruling invalidating certain tariff measures imposed pursuant to the IEEPA. On 20 April 2026, U.S. Customs and Border Protection ("**CBP**"), launched the Consolidated Administration and Processing of Entries ("**CAPE**") portal and related refund process, which enable eligible entities to submit refund claims for IEEPA tariffs previously paid. CAPE was implemented through a phased development approach. As of the date of this document, there remains uncertainty regarding the implementation of the court decision, the future trajectory of U.S. tariffs and the availability of the full refund under CAPE.

We generated approximately 24% of our revenues from the United States in 2025. The removal of the U.S. *de minimis* exemption and the increased tariffs subject us to a significantly higher level of duties and taxes in the U.S. market. During the Track Record Period, the vast majority of the products purchased from us or through our marketplace and delivered to the United States were shipped from China. As a result of the recent developments, our China-origin products have become subject to tax rates ranging from 10% to 87.5% (increased from 0-62.5% during the Track Record Period prior to the removal of the *de minimis* exemption and the Trump Administration's recent imposition of additional tariffs). In response to the increased duties and taxes, we are pursuing a wide range of options, including increasing our prices in the U.S. market to offset a portion of the increased costs. While our pricing is dynamic and subject to fluctuations, we expect to pass on the majority of the increased costs under our cost-plus pricing strategy, which sets the final price of our products by adding a markup to the total cost of production and distribution. We are also adjusting our import and export practices as necessary. For example, for products previously eligible for the *de minimis* exemption, we have transitioned from a simple customs entry process for *de minimis* packages to a customs clearance process that requires more extensive documentation and procedures. Amongst other things, we have adopted necessary protocols for the formal entry process to ensure compliance with the more stringent documentation and other procedural requirements. Since May 2025, we observed a negative impact on our net revenues from the U.S. market in the remainder of 2025, while the long-term impact remains too early to fully assess. Our Directors agree with this assessment based on the recent developments in our business operations and financial performance. Having (i) reviewed the audited financial statements for the three months ended 31 March 2026, along with comparative figures for 2025; and (ii) discussed with the management of the Company with respect to the impact of the policy changes and reviewed the measures taken by the Company in response to such policy changes, nothing has come to the attention of the Joint Sponsors that will cause them to cast reasonable doubt on the Directors' view set out above.

Beyond the United States, a substantial majority of the products purchased from us or through our marketplace and shipped to the EU previously relied on the simplified VAT reporting mechanism under the EU Import-One-Stop-Shop ("**IOSS**") regulations and customs exemption, which applies to orders with a real value of below EUR 150 per consignment. In addition, in the UK, there is a similar exemption from import duty which is currently set at the *de minimis* value of £135. The EU has accelerated the removal of the EUR 150 customs duty exemption for low-value consignments. In February 2026, the EU formally approved a regulation that terminated this exemption, which became effective on 1 July 2026. Under the new framework, a flat-rate customs duty of EUR 3 is initially levied on each distinct item category contained in consignments valued at or below EUR 150. Furthermore, an additional EU-wide administrative handling fee is scheduled to take effect in the second half of 2026. As a result of these measures, products purchased from us or through our marketplace and shipped to Europe that previously relied on the EUR 150 exemption are subject to increased costs, and we may need to adapt our business practices accordingly. As we generated approximately one-third of our net revenues from Europe in 2025 and for the three months ended 31 March 2026, these developments may have a material adverse effect on our business, financial condition and results of operations. Similar to the U.S. market, we expect to pursue a wide range of options in response, including increasing our prices in Europe to offset a portion of the increased costs, and there might be a short-term adverse impact on our sales volume in Europe as a result. Although it remains too early to fully assess, it is possible that trends in the EU could be generally in line with or exceed the impact observed in the U.S. after the removal of the *de minimis* exemption there.

In navigating the evolving duty and tariffs landscape across our markets, we have generally adopted a principles-based framework. See "Business — Tariffs" for details. There can be no assurance that these measures will be sufficient to offset the impact from the removal or modification of the *de minimis* exemptions or the increase of tariff rates, and any failure to effectively manage the increased costs or negative impact on our sales volume may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, any additional informational or other procedural requirements imposed by the customs authorities of the markets in which we operate, including any additional U.S. customs procedures and stricter enforcement of customs requirements, such as evidence of compliance with applicable laws, rules and regulations, which arise as a result of the new tariffs and the removal of the *de minimis* exemption, may make it slower and more costly to ship packages to such markets, which may affect customer sentiment and also affect our business across those markets. These requirements and practices may also increase our compliance efforts and costs and potentially impact our business operations and competitiveness.

In addition, certain jurisdictions have adopted, or are also considering proposals to amend, laws and regulations relating to customs that would lower duty-free thresholds or make importing goods into those jurisdictions more costly or complicated. The EU is one such jurisdiction that has already adopted such changes, as discussed above. Certain EU member states have also begun implementing similar measures at the national level. Besides these duties, any increases in value-added taxes may also have the effect of making importation across more borders more costly. These changes may lead to higher prices for consumers or reduced order volume, which could materially and adversely affect our business, financial condition, and results of operations. See "Business — Tariffs" for further information.

Tax Matters

Failure to comply with tax and customs laws and regulations in our multi-jurisdictional operations may subject us to government investigations, fines, injunctions and other penalties, which may have a material adverse effect on our business, financial condition and results of operations.

Our multi-jurisdictional operations may be subject to regulation by tax, customs or other authorities in various jurisdictions where we conduct sales or operations. Any failure to comply with applicable regulations may subject us to government investigations, fines, injunctions and other penalties that could harm our business. During the Track Record Period and up to the Latest Practicable Date, we have complied with applicable tax, customs, and import and export laws and regulations in all material respects. Many jurisdictions have indirect tax systems where the sale and purchase of goods and services are subject to tax based on the transaction value. These taxes are commonly referred to as value-added tax, sales tax or goods and services tax. The tax and customs laws in each jurisdiction are continually changing and are further subject to interpretation and enforcement by local government authorities, and we may not be able to adapt to the changes or interpretations on a timely basis. For example, in certain jurisdictions, rules related to sales of goods and services have been introduced that impose value-added tax and sales tax (or similar taxes) payable or to be withheld by online facilitators when the sales have reached the applicable taxable threshold. Certain jurisdictions in which we operate have established digital tax regimes where the services provided by online facilitators are subject to a digital services tax. We are also subject to corporate income taxes in multiple jurisdictions based on our taxable profits, and our income tax positions involve significant judgments regarding the interpretation and application of applicable tax laws. Certain jurisdictions now require online marketplace operators to collect and, where mandated, report merchant-level operational information (such as revenue information). Such jurisdictions include, amongst others, the Chinese mainland, the United States, Europe, and Mexico. We have implemented internal procedures and controls to ensure ongoing compliance with such requirements and are currently in compliance in all material respects with the applicable seller information reporting requirements in these key jurisdictions. In addition, many jurisdictions require withholding taxes on dividends, interests, royalties and cross-border payments. All these rules and requirements may impose additional tax or reporting burdens on us and have a material adverse impact on our business and results of operations. In addition, our operations are subject to numerous complex customs regulations, which frequently change over time.

We may not be able to keep up with all the changes in all relevant jurisdictions, and local authorities may determine that we are in non-compliance and take administrative actions such as investigations, audits, seizure of merchandise, or sealing of facilities. Defending our positions against tax and customs authorities can be expensive and time-consuming and divert our management's attention and resources from our operations. If we do not prevail, we may need to adjust our business or pay penalties, interest and payments of back taxes or customs duties, which may increase our overall tax or customs expenses. Failure to pay taxes and customs duties could expose us to fines and penalties, reputational harm or other losses, or cause delays in shipments of, or reduced demand for, our products. Any of the foregoing could materially harm our business, financial condition and results of operations.

We sell products through our mobile apps and websites to consumers around the world, including jurisdictions where we do not have business operations or subsidiaries. Tax authorities in jurisdictions where we do not file returns may assert that we have presence or require us to establish presence and/or file tax returns and pay taxes in these jurisdictions. As a result, we may be taxed in additional jurisdictions in the future, which could materially and adversely affect our business, financial condition and results of operations. In the jurisdictions where we are subject to tax, the tax authorities may review or require us to conduct self-review and they may disagree with our tax reporting position, such as our calculation of taxable income and available deductions or the amount of tax payable for transactions, and determine that we are required to pay additional taxes, duties, interest, penalties or other tax-related costs. The tax laws applicable to our business activities and transactions are subject to change and uncertain interpretation. We are required to assess our tax positions and account for uncertain tax treatments using judgments and estimates based on available information and our understanding of applicable tax laws at the time of assessment. Actual outcomes may differ from these estimates, particularly where tax authorities adopt different interpretations or apply changes in enforcement practice. Our tax position could be adversely impacted by changes in tax rates, tax laws, tax practice, transfer pricing guidelines, tax treaties, tax regulations or changes in the interpretation thereof by the tax authorities in jurisdictions in which we do business.

We or third-party tax service providers may fail to fully understand and ensure compliance with the tax laws of the applicable jurisdictions. Our business, financial condition and results of operations may be materially adversely affected as a result.

We are subject to complex and evolving foreign currency exchange and economic sanctions regulations in our multi-jurisdictional operations, which restrict certain business activities, increase the risk of non-compliance, and may limit our ability to utilise our capital resources effectively.

Our payment service providers collect payments from our customers globally, which are denominated in various local currencies, and may need to convert such local currencies to major currencies such as the US Dollar and Euro before transferring the payments to us. In addition, we may need to convert these major currencies into local currencies to make payments to our suppliers. Such currency conversions and cross-border fund transfers may be subject to regulations on foreign currency exchange. Foreign exchange controls in countries in which we and our payment service providers operate may limit our ability to repatriate funds across borders, and any failure to comply with such controls may adversely affect us. Should the relevant regulatory bodies institute protectionist and interventionist laws and policies or restrictive exchange rate policies in the future, such policies could have a material adverse effect on our ability to execute cross-border transfers, results of operations or liquidity.

Beyond foreign exchange considerations, our cross-border payment arrangements are subject to a range of regulatory requirements that vary significantly across jurisdictions, including payment licensing and registration obligations, anti-money laundering and sanctions compliance requirements, and regulations governing electronic funds transfers and data protection in connection with payment processing. Any failure to comply with such requirements, or changes in or reinterpretations of applicable regulations, could result in penalties, restrictions on our ability to process payments, or disruptions to our payment flows, which may materially and adversely affect our business and results of operations.

Moreover, we rely on a number of payment service providers to process cross-border transactions. Any disruption to, or loss of, services provided by these payment service providers, whether due to regulatory action, licensing issues, operational failures or otherwise, could interrupt our ability to collect or disburse funds and adversely affect our operations.

If we are classified as a tax resident of certain jurisdictions for income tax purposes, such classification could result in unfavourable tax consequences to us and our Shareholders.

Certain jurisdictions in which we conduct business have adopted tax laws and regulations that impose income tax or other adverse tax consequences on foreign enterprises if they are deemed to be tax residents of such jurisdictions. The tax resident status is generally subject to determination by the local tax authorities, and there can be uncertainties with such determination. If the tax authorities of a certain jurisdiction other than the Cayman Islands determine that we are a tax resident there for income tax purposes, it could result in unfavourable tax consequences to us and our shareholders. For example, if we were determined as a US tax resident, we could be subject to US tax on our worldwide income or other adverse tax consequences, which could materially reduce our net income. In addition, our Shareholders may be subject to tax on gains realised on the sale or other disposition of the Shares or on the dividends we pay to them if certain conditions were met. Any such tax may reduce the returns on your investment in the Shares.

Changes in tax laws or unanticipated tax liabilities could adversely affect our effective income tax rate and profitability.

We are subject to income taxes in various jurisdictions around the world. In the United States, we are subject to tax on certain income at the applicable federal income tax rate of 21% as well as relevant state income taxes at their respective applicable rates. In Europe, as of 31 March 2026, the applicable corporate income tax rates ranged from 12.5% to 31.9%. Our effective income tax rate could be adversely affected in the future by a number of factors, including changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations or their interpretations and application and the outcome of income tax audits in any of the jurisdictions in which we operate or are otherwise subject to tax. Our effective tax rate may also be impacted by changes in the geographic mix of earnings from our operating activities. Our tax position could be adversely impacted by changes in tax rates, tax laws, tax practice, transfer pricing guidelines, tax treaties, tax regulations or changes in the interpretation thereof by the tax authorities in jurisdictions in which we do business.

In recent years, the Organisation for Economic Cooperation and Development (the "**OECD**") has conducted a project focused on base erosion and profit shifting in international structures, which seeks to establish certain international standards for taxing the worldwide income of multinational companies. In addition, the OECD is working on a "BEPS 2.0" initiative, which is aimed at (i) shifting taxing rights to the jurisdiction of the consumer ("**Pillar One**") and (ii) ensuring all companies pay a global minimum tax ("**Pillar Two**"). In December 2022, the member states of the EU unanimously voted to adopt the OECD's minimum tax rules and phase them into national law, and during the course of 2022 and 2023 the OECD released technical guidance on the global minimum tax which was agreed by consensus of the OECD Inclusive Framework which consists of approximately 140 countries. Under the EU's minimum tax directive, member states were required to adopt domestic legislation implementing the minimum tax rules effective for periods beginning on or after 31 December 2023, with the "under-taxed profit rule" to take effect for periods beginning on or after 31 December 2024. Legislatures in multiple countries outside of the EU in which we operate have also implemented the OECD's minimum tax proposal. As a result of these developments, the tax laws of certain countries in which we and our affiliates do business have changed and could continue to change, and any such changes could increase our liabilities for taxes, and therefore could adversely affect our profitability, financial condition and results of operations. The OECD's BEPS 2.0 initiative did not have a material impact on our business operations or financial position from 2023 through 2024. However, as a growing number of jurisdictions have adopted, and continue to adopt, the minimum tax rules, its impact on our income tax expense and in turn our overall financial performance has become increasingly significant beginning in 2025. See "Financial Information — Period to Period Comparison of Results of Operations — Year Ended 31 December 2025 Compared to Year Ended 31 December 2024 — Income Tax Expense."

C. RISKS RELATED TO OUR SUPPLY CHAIN PARTNERS AND OTHER THIRD PARTIES

Supply Chain and Logistics

If we fail to maintain and manage effectively our large base of supply chain partners, our ability to continually offer a wide selection of products at competitive prices may be affected.

We have a large base of supply chain partners that includes our contract manufacturers, merchants, independent designers and other suppliers. We depend on our contract manufacturers for the sourcing and manufacture of company-branded products, while merchants sell products through our marketplace.

Our most significant supply chain partners are our contract manufacturers, from whom we directly procure finished company-branded products. In 2025, we had over 7,500 contract manufacturers, and the products that we procured from these contract manufacturers accounted for a substantial majority of our products by procurement value during 2025. The sheer size of our supply chain partner network makes it challenging to manage our supply chain partners effectively. Our supply chain partners may in turn source materials or services from other third parties. Any inability of these supply chain partners or other third parties to supply products or materials in sufficient quantity, with good quality, at competitive prices, in compliance with our environmental and social standards and applicable regulations, in a timely manner, and with favourable payment terms, could affect our ability to continually offer a wide selection of popular products at competitive prices, in which case our business, financial condition and results of operations may be materially and adversely affected.

We strive to develop and maintain positive and stable relationships with our supply chain partners, but we cannot guarantee that our efforts will always succeed. For example, some supply chain partners may be dissatisfied with changes we make to our collaboration models, terms or conditions, or our policies and procedures applicable to them, or other business decisions we make that may affect them. They may reevaluate and even terminate their relationships with us as a result. We may incur additional and significant costs to accommodate any demands from dissatisfied supply chain partners or find replacements. If we are unable to develop and maintain our relationships with supply chain partners, our business operations may be disrupted and our ability to offer sufficient products sought by our customers, or to offer these high-quality products at competitive prices could be inhibited. In addition, our agreements with supply chain partners typically do not contain terms restricting them from manufacturing and selling products to others, except for our company-branded products. We cannot assure you that our current supply chain partners will continue to sell products to us on commercially acceptable terms. Any adverse developments in our relationships with them could disrupt our supply chain and in turn materially and adversely affect our business, financial condition and results of operations.

The behaviour of our supply chain partners may adversely affect our business and reputation.

Our business could suffer if our supply chain partners fail to comply with applicable laws and regulations or our policies or engage in other misconduct. We rely on supply chain partners to manage the daily production of our products and are unable to monitor or inspect the activities of each supply chain partner for each product regarding compliance. The violation or alleged violation of consumer protection, environmental or other laws and regulations, third-party intellectual property or other rights, or our policies by our supply chain partners in manufacturing, material sourcing or other aspects of their operations could interrupt or otherwise affect the shipment of finished products to us and the shipment to customers in certain markets, such as due to seizure or other customs enforcement actions, damage our reputation, or subject us to litigation or government proceedings. For example, we receive complaints from time to time alleging that certain product information provided by our supply chain partners is not accurate, which harms our reputation among consumers and affects our sales.

From time to time, we may terminate or temporarily suspend our relationship with a supply chain partner for certain violations of our supplier policies, in which case our operations may be disrupted. Locating and onboarding a new supply chain partner can incur significant costs and time, and there is no guarantee we will be able to find a suitable alternative that can meet our quality and delivery requirements. Prolonged supply chain disruptions may have a material adverse impact on our ability to offer products to our customers, leading to lost revenue and reputational harm.

Our supply chain and the ability of our supply chain partners to supply products to us are subject to a variety of factors beyond our control, any of which could disrupt our supply chain and have a material adverse impact on our business.

Our supply chain and the ability of our supply chain partners to supply products to us may be adversely affected by a variety of factors beyond our control, including:

- Economic conditions: downturns or instability in the broader economic environment could strain the financial condition and operations of our supply chain partners, leading to production delays, quality issues or inability to fulfil orders.

- Labour actions: supply chain disruptions may arise from labour disputes, strikes, or shortages of skilled workers, limiting the production capabilities of our supply chain partners.

- Regulatory environment: changes in laws and regulations could impact the operations and compliance requirements for our supply chain partners, potentially causing delays or disruptions.

- Natural disasters, the adverse effects of climate change and public health crises: regional or global natural disasters, the adverse effects of climate change or public health crises may disrupt the infrastructure, logistics or production facilities of our supply chain partners.

- Availability of materials: if our supply chain partners face challenges in sourcing the necessary raw materials, components or other inputs from their own suppliers, it could constrain their ability to manufacture products for us.

See "Business — Supply Chain Management" in this document for further information on our supply chain network, system and management.

Any of these factors, individually or in combination, could result in our supply chain partners being unable to deliver products to us in a timely manner, at the quality levels we require, or at all. This, in turn, could disrupt our supply chain and lead to delays or shortages in the availability of our products for our customers, potentially impacting our revenue, customer satisfaction and reputation.

Any potential changes in, as well as the interpretation and enforcement of, laws and regulations in jurisdictions where our supply chain partners are located, could affect our supply chain and other operations as well as the operations of our local supply chain partners. While we are unable to predict what changes there will be, it is possible that we or our supply chain partners may need to adjust certain aspects of our or their operations in order to comply with new and applicable local laws or regulations and may incur significant costs in doing so. For example, changes to employment laws, environmental regulations or other regulatory areas may necessitate modifications to the manufacturing processes, worker safety protocols, logistics or other facets of the operations of our supply chain partners or us, to the extent applicable, which may result in significant additional costs, disrupt our supply chain and affect our ability to deliver products to customers in a timely manner or at all. On the other hand, failure to make necessary operational adjustments or otherwise comply with applicable laws and regulations may subject us or our supply chain partners to regulatory proceedings and potential penalties and may also disrupt our supply chain and materially and adversely affect our business.

We use third-party logistics service providers to fulfil and deliver our orders. If these logistics service providers fail to provide reliable delivery services at reasonable prices, our business, financial condition and results of operations may be materially and adversely affected.

We cooperate with third-party logistics service providers to deliver our products to customers around the globe. The services we employ include, amongst others, collection of products, export customs clearance and documentation, airfreight shipping, import customs clearance and documentation, warehousing services, delivery to consignees or customers, and collection of cash-on-delivery payment. Interruptions to or failures in these services could prevent the timely or proper delivery of our products or may cause product damage or product loss during transit. A significant increase in the prices for these services could have a material impact on our costs and results of operations. Interruptions or price increases may be due to events that are beyond our control and the control of these service providers, such as inclement weather, natural disasters, transportation disruptions, labour unrest, war, seizure or other enforcement actions, and regulatory responses to climate change. See "Business — Supply Chain" for further information on our supply chain partner network and fulfilment infrastructure. For example, airfreight capacity decreased significantly and shipping costs increased significantly during the COVID-19 pandemic. The wars in Ukraine and Iran have also disrupted logistics services and led to price increases. Wars and conflicts elsewhere may have a similar effect on logistics. We may not be able to find alternative third-party logistics service providers in a timely and reliable manner. In addition, in some of our markets, there are a limited number of logistics service providers with strong bargaining power, which makes it difficult for us to find suitable alternatives. If our products are not delivered in proper condition or on a timely basis, our customers may refuse to accept our products purchased and lose confidence in us, and our business, financial condition and results of operations could suffer. Our financial performance may also be affected if we cannot efficiently manage the costs for fulfilment and delivery of our products.

Our employees, affiliates and third-party service providers may engage in misconduct or other improper activities, including non-compliance with applicable laws and regulations, which could have a material adverse effect on our business.

Our employees, affiliates and third-party service providers, such as those for logistics, payments, and marketing, may engage in actual or alleged misconduct, including intentional, reckless or negligent conduct or unauthorised activities that violate the laws and regulations of the jurisdictions in which we operate or to which we offer products. For example, telephone calls and text messages marketing, which are subject to telephone marketing laws and regulations, are used by us and third-party marketing service providers, and we could be held liable if the marketing activities are not compliant with applicable laws and regulations. Certain other marketing activities we engage in, including email marketing and gamification, may also violate marketing or other laws and regulations and result in legal liabilities or negative publicity on our part.

We engage third-party logistics service providers for logistics services such as delivery and trade compliance. We do not have control over those logistics service providers and we cannot assure you that all of them have complied or will comply with customs and other laws and regulations. If our third-party logistics service providers fail to comply with applicable laws and regulations, we could be subject to liabilities, regulatory sanctions or other penalties or suffer reputational harm due to such non-compliance. We may also experience delays in, or reduced demand for, shipments of our goods, be required to make refunds to customers or suffer other losses in connection with the non-compliance incidents of our logistics service providers and other business partners.

It is not always possible to identify and deter misconduct by employees, affiliates and third-party service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, financial condition and results of operations, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, reputational harm, and curtailment of our operations.

Any significant interruption in the operations or failure to renew or replace the lease of the warehouses we utilise could disrupt our ability to process customer orders and to deliver our products in a timely manner, which could have a material adverse impact on our business, financial condition and results of operations.

Our warehouses are essential to our efficient global fulfilment operations. Our ability to process and fulfil orders accurately and provide high-quality customer service depends on the smooth operation of our warehouse facilities. Warehouse facilities may be vulnerable to damage caused by natural disasters, fire, land subsidence, extreme weather, accidents, failure of the automated systems or other events. The likelihood or impact of such events may be increased by the inadequate operation, maintenance or management of our warehouse facilities, including any failure by us, warehouse operators, landlords or other third parties to comply with applicable fire safety, workplace safety or other regulatory requirements, which may result in mandatory suspension or rectification, regulatory penalties, third-party claims or other liabilities. Such events may cause significant loss in inventories or injury to on-site personnel. Any significant interruption in the operation of our warehouse facilities or damage to our inventories could reduce our ability to receive and process orders and deliver products to our customers, which could result in cancelled sales and a loss of customer loyalty and have a material adverse impact on our business, financial condition and results of operations. For example, in late 2025, a fire occurred at a third-party warehouse facility in the Middle East that was operated by a fulfilment service provider and used to store our products. While we do not own or operate such facility, the incident resulted in the loss of inventories stored therein, temporary disruption to our fulfilment operations in the affected region and cancellation of customer orders. Although certain insurance policies have been in place to safeguard against risks and unexpected events, there can be no assurance that our existing insurance coverage is sufficient to cover all potential losses, that all affected facilities or inventories are covered under our policies, or that our insurers will process claims or make payments in a timely manner. Any delay in or denial of insurance recovery could result in our losses not being compensated on a timely basis or at all. There can be no assurance that similar incidents will not occur in the future or that the impact of any future incident will not be more severe.

We currently lease our warehouses from third parties. Our ability to renew a lease, re-negotiate favourable terms on an expiring lease or negotiate favourable terms for a suitable alternative location, and our ability to negotiate favourable lease terms for additional locations as our business continues to expand, depends on conditions in each real estate market, competition for desirable properties, relationships with current and prospective landlords, or other factors that are not within our control. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. If a lease agreement is renewed at a rent substantially higher than the current rate, or existing favourable terms granted by the landlord are not extended, our business, financial condition and results of operations may be adversely affected. In addition, our ability to terminate an existing lease is constrained by the terms of that lease. If fluctuations in our business result in a reduction in our demand for warehouse capacity, we may not be able to terminate our ongoing obligations under existing leases, which could adversely affect us. Furthermore, we may enter into leases for warehouses that are under construction. If there is a delay in the construction or permitting, we may not be able to start using the warehouses in time, which may also affect our business, financial condition and results of operations. In addition, the operation of our leased warehouse facilities may be disrupted by the activities of warehouse owners or builders, such as illegal construction work or disputes with construction workers.

Furthermore, our leasehold interests in certain leased warehouses could be defective or may not fully comply with applicable real property laws and regulations, such as when the warehouse lessor is not legally entitled to lease the property to us or when the use of the property as warehouses violates the approved purpose of land use, if any. As a result of such defect, our lease agreements may be deemed invalid and unenforceable or have to be terminated, in which case we may be forced to vacate and look for other locations. We will incur additional expenses as a result, and there is no guarantee that we will be able to find alternative warehouses in time or at all. In addition, in certain jurisdictions in which we lease warehouses, lease agreements are required to be registered with the relevant authorities. Failure to comply with such requirements could subject us to fines and other penalties.

As of the Latest Practicable Date, the total gross floor area of the properties leased by the Group in the Chinese mainland is approximately 4.4 million square meters, with lease expiry dates ranging from August 2026 to April 2034. These properties are primarily used for warehousing. As of the Latest Practicable Date, certain lessors of our leased properties had not provided copies of the real property title certificates to us. If the lessors are not entitled to lease the properties to us and the owners of such 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 advised by our PRC Legal Adviser, the real property owners are legally required to acquire the relevant real property title certificates, and therefore the aforementioned title defects will not lead us to become subject to any penalties under relevant laws and regulations. However, considering that (1) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof, (2) there are abundant unoccupied properties available for lease at similar costs and we believe we would be able to relocate our facilities to a different site relatively easily if we are required by third parties, and (3) in accordance with the relevant provisions of the Civil Code the People's Republic of China, if we are unable to use or accrue proceeds from the leased property due to any claim by a third person, we may request reduction of rent or refuse to pay rent, our PRC Legal Adviser and Directors are of the view that such incidents will not have a material adverse impact on our business operations.

We are working with reputable third-party service providers and logistics real estate developers to design and construct warehouses. We cannot assure you that we will be able to complete the warehouse construction in time or that the benefits that we will realise from owning some of our warehouses, including the saved rental costs, will outweigh our investments we have made in the land and the warehouses. If we fail to fulfil our obligations under the relevant agreements or comply with the requirements of the local authorities, our ability to own and operate the warehouses may be affected. We may also be subject to other risks associated with construction work, such as those related to permits, safety and environmental protection.

Depending on the needs of our operations, we may add new warehouse facilities. We cannot assure you that we will be able to add suitable warehouse facilities on commercially acceptable terms or at all. We may not be able to recruit a sufficient number of qualified employees in connection with the expansion of our warehousing infrastructure. In addition, the expansion may strain our managerial, financial, operational and other resources. If we fail to manage such expansion successfully, our business, financial condition and results of operations may be materially and adversely affected. Even if we manage the expansion of our fulfilment infrastructure successfully, it may not give us the competitive advantage that we expect.

Payment and Distribution Channels

If our payment service providers fail to provide adequate services or if our relationships with them were to terminate, our business may be adversely affected.

We accept payments using a variety of methods, including major credit card networks, bank transfers, online payment platforms, and cash collected upon delivery. We rely on third parties to provide payment processing services. If these service providers fail to provide adequate services or if our relationships with them were to terminate, our ability to accept payments could be adversely affected, and our business will be harmed. Moreover, our payment service providers may go out of business or otherwise be unable or unwilling to transfer the proceeds to us, and we may not be able to enforce our arrangement and force the transfer. We are charged certain fees in connection with the payment services, which may increase over time and adversely affect our operating results. We may be subject to fraud and other illegal activities in connection with the various payment methods our customers use when making purchases. Payments for our products are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted to make it difficult for us to comply. If we or the third-party online payment service providers fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept payments from our customers, and our business, financial condition and results of operations could be materially and adversely affected.

As an alternative to third-party payment services, we may develop and adopt our own payment processing system to process payments in certain markets. However, we cannot assure you that we will be able to do so, and our system may not function as well as those offered by major payment service providers, which could affect customer experience, result in loss of customers and have a material adverse effect on our business. As a payment processor, we will also be subject to additional regulations, and if we fail to comply with such regulations due to reasons such as our inexperience in payment processing, we may be subject to penalties and may not be able to continue to process payments, which may disrupt our business. In addition, there is no guarantee that we will be able to develop and maintain adequate internal procedures and control measures to meet the applicable licensing and other regulatory requirements in relation to payment processing, and we may need to expend significant financial and human resources in doing so.

If major app stores were to suspend or restrict access to our mobile apps, or if access to our website is blocked, our ability to expand our customer base will be hindered.

Our mobile apps are distributed via app stores operated by third parties, such as Apple's app store and various Android app stores, which could suspend or terminate access to our mobile apps, increase access costs or change the terms of access in a way that makes our apps less desirable or harder to access. The promotion, distribution and operation of our mobile apps therefore depend on the app stores' standard terms and policies for app developers, which are subject to the interpretation of, and frequent changes by, the app store operators. If Apple's app store or any other major app store interprets or changes its standard terms and conditions in a manner that is detrimental to us, or suspends access to or removes our mobile apps from their channels, potential customers may experience difficulties in or may be unable to access our mobile apps, in which case our ability to expand our customer base will be hindered. Besides our mobile apps, our website could be blocked by regulators in certain jurisdictions. For example, between 2020 and 2025, the Indian government restricted access to our website. There can be no guarantee that other restrictions on accessing our website will not occur in the future. The occurrence of any incident of this nature may adversely affect our brands and reputation, business, financial condition and results of operations.

D. RISKS RELATED TO DATA SECURITY, IP AND TECHNOLOGY

Data Security and Privacy

Failure to protect personal, confidential or sensitive information of our customers and supply chain partners and network against security breaches could cause us to incur unexpected expenses and loss of revenues and may materially harm our reputation and business.

A significant challenge to our business is the secure storage and transmission of personal, confidential, and sensitive information over public networks. We store data with third-party cloud service providers. For example, we store US customers' data with cloud service providers in the United States. We also share certain personal information of customers with third-party fulfilment service providers to the extent necessary. Maintaining complete security for the storage and transmission of personal, confidential, and sensitive information, including customers' personal information, supply chain partners' confidential information, payment-related information, and transaction information, is essential for maintaining customer confidence and our relationships with supply chain partners.

In 2018, we became aware that certain personally identifiable information of our customers, including names, login credentials and credit card information, was stolen during a concerted criminal cyberattack on our computer network. The Office of the Attorney General of the State of New York conducted an investigation into this incident. In October 2022, we reached a settlement agreement with the Office of the Attorney General, pursuant to which we paid US$1.9 million in settlement payment and have maintained a comprehensive information security programme that includes a series of cybersecurity measures to protect consumer information, such as assessing and documenting internal and external risks to the security, integrity and confidentiality of customer information, designing, implementing and maintaining reasonable administrative, technical, and physical safeguards to control such risks, regularly testing and monitoring the effectiveness of the safeguards, and requiring third-party service providers to implement and maintain appropriate safeguards to protect our customer information. To our knowledge, no potential liabilities or pending proceedings in connection with this incident remain outstanding or unresolved as of the date of this document. However, we may incur significant expenses in maintaining such cybersecurity measures, and there is no guarantee that there will be no other additional or significant expenses arising out of this incident or that there will not be any similar incidents in the future.

We have adopted security policies and measures, including purchasing or setting up system invasion monitoring and site defender systems, applying for certain data security-related certification, and setting up hacker forum monitoring, amongst others, to protect personal, confidential or sensitive information, including our proprietary data, customer information and supply chain partner information. However, advances in technology, the expertise of hackers, general increase in the frequency of hacking activity, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the technologies we use to protect personal, confidential or sensitive information, and we may also be unable to anticipate all types of security threats or implement adequate preventative measures in response. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such personal, confidential or sensitive information we hold with respect to our customers or our supply chain partners. We also cannot guarantee that the third-party cloud service providers we engage with will always maintain effective security measures to defend against cyber-attacks that compromise the security of our data. In addition, we have limited control or influence over the security policies or measures adopted by third-party providers of online payment services. The third-party fulfilment service providers we use may also violate their confidentiality obligations and disclose or use information about our customers or our supply chain partners illegally. These third-party services providers may also experience breaches and attacks to their systems, which may lead to leakage of proprietary information or sensitive or confidential data about us, our customers, our supply chain partners or other business partners.

Individuals or entities obtaining our customers' or our supply chain partners' confidential or private information illegally may further engage in various other illegal activities using such information, which may cause losses to our customers or our supply chain partners and undermine their trust in us. We may not be able to implement adequate and effective measures to ensure the confidentiality and integrity of our data, confidential customer information and confidential supply chain partner information stored or transmitted through our systems. As a result of past or future incidents of security breach, we may be exposed to additional litigation and potential liability, regulatory inquiries or actions and interruptions, delays, cessation of service, material increases in our data security costs, and loss of existing or potential customers or supply chain partners. Any negative publicity on our systems' safety or privacy protection mechanisms and policies, and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures, could have a material adverse effect on our brand image and the willingness of customers and supply chain partners to engage with us, which may lead to higher costs and lower sales and profit. If that were to happen, our business, financial condition and results of operations may be materially and adversely affected.

In addition, we are subject to an increasing number of reporting obligations in respect of material cybersecurity incidents, including in some jurisdictions an obligation to disclose our processes for assessing, identifying and managing material risks from cybersecurity threats. These reporting requirements have been proposed or implemented by a number of regulators in different jurisdictions, may vary in their scope and application, and could contain conflicting requirements. Failure to timely report incidents under these rules could also result in monetary fines, sanctions, or subject us to other forms of liability.

Failure to comply with global privacy-related obligations could subject us to legal liabilities, additional costs and reputational damage.

A variety of laws and regulations govern or apply to the collection, processing, sharing, disclosure, transfer and other use of data regarding consumers and other individuals, including employees and employees of service providers. We are subject to laws, regulations, contractual obligations and industry standards relating to privacy, data protection, information security and consumer protection, which are evolving and subject to potentially differing interpretations. The technologies we deploy are also subject to certain laws and regulations. The regulatory environment in these areas related to data privacy and security is becoming increasingly rigorous, including in relation to certain categories of data with new and rapidly changing requirements applicable to our business, and is likely to remain uncertain for the foreseeable future.

In the United States, we are subject to federal and state laws and regulations regarding data privacy and protection, such as the California Privacy Rights Act of 2020. See "Regulations — Regulations Related to Data Privacy and Protection." Furthermore, subject to regulations such as the Telephone Consumer Protection Act, the CAN-SPAM Act, the Canada Anti-Spam Legislation, the manner in which we communicate with our customers is also a highly regulated activity. We are, and may in the future be, subject to regulatory actions or litigation relating to such communications, and the outcome of such proceedings may not be favourable, and one or more unfavourable outcomes could have a material adverse impact on our financial condition. See "Regulations — Regulations Related to Data Privacy and Protection."

We have also seen a rise in litigation claims based on various federal and state wiretapping statutes, claiming that the use of third-party cookies and analytics services constitute statutory violations. Our business, financial condition and results of operations may be adversely affected by such lawsuits or other claims against us relating to such statutes and the outcomes of such proceedings may not be favourable. In Europe, we are similarly subject to a comprehensive and evolving data privacy regulatory regime, including but not limited to the European Union General Data Protection Regulation and the United Kingdom General Data Protection Regulation and Data Protection Act 2018. See "Regulations — Regulations Related to Data Privacy and Protection." Recent legal developments in Europe have created complexity and uncertainty regarding cross-border transfers of personal data out of the European Economic Area and the UK transfers. European regulators have been increasingly aggressive in issuing large fines and communicating their expectations that companies bring their legacy processes into compliance. We may be adversely impacted as the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers. In the United States, we have also seen increased scrutiny of cross-border data transfers of US customer data to other countries and regions.

Following a period of legal complexity and uncertainty regarding international personal data transfers, particularly to the United States and China, we expect the regulatory guidance and enforcement landscape to continue to develop, in relation to transfers to the United States, China and elsewhere. As a result, we may have to make certain operational changes and we will have to implement revised standard contractual clauses and other relevant documentation for existing intragroup, customer and vendor arrangements within required time frames.

Failure to comply with the GDPR may result in monetary penalties of up to 20.0 million Euros or 4% of an undertaking's total worldwide annual turnover of the previous financial year, whichever is higher. In addition to fines, a breach of the GDPR may result in regulatory investigations, reputational damage, orders to cease or change our data processing activities, enforcement notices, assessment notices (for a compulsory audit) or civil claims (including class actions).

We are also subject to evolving European laws on cookies and tracking technologies, and recent European court and regulator decisions are driving increased attention to cookies and tracking technologies, resulting in significant fines as regulators increasingly adopt a fact-based approach. Increasing enforcement by regulators of the strict approach to opt-in consent for all but essential use cases, as seen in recent guidance and decisions, could result in substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In light of the complex and evolving nature of the European privacy laws on cookies and tracking technologies, our efforts to comply with such laws could be unsuccessful; violations of such laws could result in regulatory investigations, substantial fines, orders to cease and/or change our use of such technologies, as well as civil claims including class actions, and reputational damage. For example, in August 2023, France's data privacy regulator, CNIL, carried out an inspection of our website. Subsequently, in September 2025, CNIL issued a fine of 150 million euros against us in connection with our practices for obtaining user consent and cookie practices, though CNIL conceded that all alleged non-compliance had been remediated prior to the fine. We have made proper provisions for this proceeding. In addition, we remain committed to strengthening our data privacy compliance and continue to devote resources to this effort. We have appealed this decision to the Conseil d'État, France's supreme administrative court. The appeal remains pending. We are also evaluating other options that we may pursue. In addition, in April 2026, the Irish Data Protection Commission (the "**DPC**") commenced a statutory inquiry into our transfers of certain EU personal data to China, following a complaint filed by a privacy advocacy group. We are currently cooperating with this investigation and intend to vigorously defend our position that our transfers of EU personal data are compliant with the GDPR. As the investigation remains at an early stage, it is difficult to estimate the penalties (if any) or other implications. Under the GDPR, the DPC has the power to levy fines of up to 4% of global annual turnover and may also order the suspension of data transfers from the EU to China. For further details, see "Business — Legal Proceedings." As such, uncertainties remain as to the final outcome of the foregoing proceedings, and we cannot guarantee that they will not harm our reputation, brand or otherwise adversely affect our business.

Outside of the jurisdictions discussed in this risk factor, many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, data localisation and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. Additionally, various regulatory bodies, or self-regulatory organisations may continue to issue revised rules or guidance regarding data privacy and protection.

There is no harmonised approach to these laws and regulations globally. Consequently, by continuing to expand internationally, our risk of non-compliance with applicable data protection laws will increase. We will likely need to change and limit the way we use personal information in operating our business and may have difficulty maintaining a single operating model that is compliant in all jurisdictions. As a general matter, compliance with laws and regulations relating to privacy, data protection, information security and consumer protection will result in substantial costs and will likely necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to acquire customers, and otherwise adversely affect our business, financial condition and results of operations. Any failure to comply with, or any perceived non-compliance with, our legal or contractual obligations relating to privacy, data protection, information security or consumer protection could result in claims, proceedings or actions against us by governmental entities or others or other liabilities. Any such claim, proceeding or action could harm our reputation, brand and business, cause us to incur significant expenses in defence of such proceedings, distract our management, increase our costs of doing business, result in a loss of customers and supply chain partners and may result in the imposition of significant monetary penalties. Our business, financial condition and results of operations may be materially adversely affected as a result.

Intellectual Property and Technology Infrastructure

We are from time to time subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business operations.

Our operations, the products we offer or any other aspects of our business may, or may be alleged to, infringe upon or otherwise violate trademarks, copyrights, patents or other intellectual property rights held by third parties, such as unauthorised use of third-party product designs or images. It is not possible to perform intellectual property review with absolute accuracy before we introduce new products to our customers. In addition, conduct by third parties, such as our suppliers or merchants, on our marketplace may also expose us to claims of intellectual property infringement. See "— A. Risks Related to Our Business and Growth Prospects — Brand, Reputation and Products — We may be unable to expand our online marketplace model successfully, and this model may have potential material impacts on our growth and margin profile and may subject us to risks arising from improper merchant activities on our marketplace" and "— C. Risks Related to Our Supply Chain Partners and Other Third Parties."

We are subject to claims and legal proceedings relating to the intellectual property rights of others in the ordinary course of our business. For example, there have been claims brought against us at the US District Court for the Central District of California as well as other district courts alleging copyright, patent and/or trademark infringement. There are also pending claims against us alleging infringement that may result in lawsuits and/or significant settlements. Defending our rights in such proceedings or against such claims, or negotiating settlements and discharging obligations thereunder, could involve significant costs and effort and divert our management's attention from day-to-day operations. Any ensuing negative publicity may severely damage our brands and reputation, regardless of the merits of the claims. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities, be prohibited from using such intellectual property, or be required to pay substantial licensing fees or other damages. We may also be forced to develop alternatives, stop selling the products at issue, or comply with other unfavourable terms. From time to time, we receive complaints alleging that products sold by us or on our marketplace infringe third-party copyrights, trademarks or other intellectual property rights. We may remove the products from our mobile apps and websites after reviewing these complaints and relevant facts, freeze the accounts of the relevant merchants, or follow the applicable protocols such as those under the US Digital Millennium Copyright Act of 1998, subject to counter-notifications procedures if applicable. Any of the foregoing could materially disrupt our business operations, incur additional expenses and materially and adversely affect our business, financial condition and results of operations.

Additionally, the application of artificial intelligence (AI) technology, especially the use of AI-generated advertising and marketing contents, whether by us, third-party suppliers or merchants on our marketplace, may lead to copyright infringement concerns and other ethical and legal challenges. If we fail to ensure compliance with the evolving laws and regulations governing the use of AI-generated content that may apply to us, our reputation, business and results of operations may be adversely affected.

We may not be able to prevent others from unauthorised use of our intellectual property, which could harm our business and competitive position.

We rely on trademarks, copyrights, domain names and other intellectual property, trade secrets, confidentiality agreements and other practices to protect our brands, designs, proprietary information, technologies and processes. Our trademarks are valuable assets that support our brands and customers' perception of our products. We also hold the rights to certain internet domain names and various other related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. We have copyrights and other proprietary rights associated with some of our apparel and other products. If we are unable to protect our trademarks or domain names, they may be misappropriated by third parties, in which case our brand recognition and reputation would suffer. As a result, our business and operating results would be adversely impacted. Since our products are sold internationally, we are dependent on the laws of a range of countries and territories to protect and enforce our intellectual property rights, which may not always be effective.

Any registered copyrights or patents that may be issued in the future may not provide us with any competitive advantages or may be challenged by third parties, and future registered copyrights or patent applications may never be granted. Even if issued, there can be no assurance that these registered copyrights or patents will adequately protect our intellectual property or survive a legal challenge, as the legal standards relating to the validity, enforceability and scope of protection of registered copyright, patent and other intellectual property rights are uncertain. The limited registered copyright and patent protection may restrict our ability to protect our technologies and processes from competition. Others may independently develop the same or similar designs, products, technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide products similar to ours, which could harm our competitive position. We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient. See "Business — Intellectual Property" for further information on our protection measures.

Our technology systems and infrastructure could fail or be subject to disruption, which may harm our business, reputation and ability to acquire, retain and serve our customers.

The satisfactory performance, reliability and availability of our technology systems and infrastructure are critical to our reputation and our ability to maintain satisfactory customer experiences and acquire and retain customers.

We have developed and use complex proprietary systems in our technology infrastructure, which we seek to continually update and improve. The operation of our systems may be subject to failure, and we may experience periodic system interruptions from time to time. Additionally, if we expand our use of third-party services, including cloud-based services, our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with such services and/or failures by such third parties, which are out of our control. Slowdown or interruption of our technology systems and infrastructure could reduce the volume of goods sold and could also materially and adversely affect consumer perception of our brands. In addition, continued growth in our transaction volume, as well as surges in online traffic and orders associated with promotional activities or seasonal trends in our business, place additional demands on our technology systems and could cause or exacerbate slowdowns or interruptions. In order to remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our mobile apps and websites, which is particularly challenging given the rapid rate at which new technologies, customer preferences and expectations and industry standards and practices are evolving in our industry. Moreover, our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, cyberattacks, data loss, acts of war, break-ins, earthquake and similar events. Any slowdown, failure or disruption of our technology systems and infrastructure could harm our business, reputation and our ability to acquire, retain and serve our customers, which could materially and adversely affect our business, financial condition and results of operations.

If the performance, reliability and security of the telecommunications and internet infrastructure in our markets are compromised, we may experience business disruptions and increased costs.

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in countries or regions in which we operate or to which we offer products. We may not have access to alternative networks in the event of disruptions, failures or other problems with such infrastructure, in which case the operation of our mobile apps and websites in the relevant markets may be interrupted. The internet infrastructure may not support the demands associated with continued growth in internet usage. The failure of telecommunications network operators to provide us with the requisite bandwidth could interfere with the speed and availability of our mobile apps and websites, which will affect customer access to and customer satisfaction with our offerings, potentially resulting in a material adverse effect on our business. Moreover, we have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and internet services rise significantly, our costs will increase and our financial condition and results of operations could be adversely affected.

E. RISKS RELATED TO LABOUR PRACTICES

The global landscape of employment protection laws, regulations and standards is complex and evolving, and any actual or perceived non-compliance by us or our supply chain partners with these laws, regulations and standards may subject us to claims of violation, penalties, reputational damage or disruptions in our supply chain.

We procure and source products from a network of supply chain partners. We have adopted a series of measures designed to help ensure that these supply chain partners comply with applicable laws and regulations as well as employment, health and safety, environmental and other standards. Amongst other things, we require our contract manufacturers and merchants on our marketplace to sign onto our supplier or marketplace seller codes of conduct, as applicable, which have generally been formulated to align with the core conventions of the International Labour Organization and the United Nations' Universal Declaration of Human Rights. Supply chain partners who sign onto our supplier code of conduct agree that they will abide by the code of conduct and will not use unethical or unlawful employment practices, in their direct or indirect procurement activities. Our supplier code of conduct is also designed to help ensure local law compliance, as each supplier that signs onto it agrees to operate in full compliance with local laws, rules, governmental orders and regulatory requirements in the countries or regions where such supplier operates its business, including those relating to wages and working hours.

To complement our supplier code of conduct, we have also adopted the SHEIN Responsible Sourcing (the "**SRS**") programme which facilitates compliance with our supplier code of conduct by establishing clear guidelines and accountability measures for violations thereof and provides for comprehensive audits conducted by both our own inhouse auditors and internationally renowned third-party auditors, all of which are member firms of the Association of Professional Social Compliance Auditors, including Bureau Veritas, Intertek, Openview, SGS, TÜV Rheinland and QIMA. Supply chain partners who are identified in SRS audits with severe violations of the SRS standards are subject to termination. In 2025, over 99% of on-site SRS audits were conducted by third-party auditors.

We enforce our supplier code of conduct by conducting regular SRS audits of contract manufacturers, subcontractors and other supply chain partners under our SRS policy. There is no guarantee that that our supply chain partners fully comply with our supplier code of conduct and other requirements, and there is the risk that our supply chain partners or their upstream suppliers may violate laws and regulations that apply to them. Such non-compliance could have a negative impact on our supply chain and reputation, and could result in our products being restricted from imports into certain markets.

Additionally, we adopt a risk-based sampling approach for audits, the scope of which takes into account multiple factors including procurement value, past SRS audit results, random sampling and other factors. In 2025, we conducted over 5,150 SRS on-site audits on supply chain partners (including mainly contract manufacturers) and subcontractors globally. Our SRS audits covered contract manufacturers who accounted for approximately 95% of our company-branded products by procurement value in 2025. Not all of our supply chain partners (including contract manufacturers), nor all of their upstream suppliers, may be subject to an SRS audit in any given year. This is because we do not enter into direct procurement contracts with all upstream suppliers, and our suppliers may also subcontract without obtaining our prior written consent as required by our supplier code of conduct. It is also possible that, based on our risk-based sampling approach, a supply chain partner that is not audited in a given year may not be selected for an SRS audit in subsequent years. Non-compliance may not be identified where no audit has been conducted in a given period of time. Even in instances where SRS audits are conducted, we cannot guarantee that those SRS audits will always detect non-compliance with our SRS standards when such non-compliance exists. The identification of any non-compliance with SRS standards or the code of conduct by a supply chain partner, whether during a future audit or by a third party, including with respect to supply chain partners that have not been audited under the SRS policy, may lead to reputational harm to us, require us to change our supply chain partners, or subject us to claims alleging non-compliance with respect to the labour protection laws applicable to our supply chain.

We are subject to employment protection and other applicable laws and regulations in a number of our key end markets. We strive to comply with the laws and regulations that are applicable to us and have adopted systems and policies to ensure compliance. However, different jurisdictions have adopted different laws and regulations that may not be the same or consistent with each other. There is no legal obligation or commercial reason for us to ensure that a product sold into a given jurisdiction not only complies with the laws of that jurisdiction but also complies with the laws of all other jurisdictions regardless of their applicability. In the event that laws in any jurisdiction to which we sell our products change, we will have to comply with the new laws in that jurisdiction, which would increase our compliance costs. Our code of conduct, enforced by SRS audits and other aspects of our SRS policy, continues to apply to all of our company-branded products regardless of where in the world such products are sold. To the best of our knowledge, as of the date hereof, we are in material compliance with the laws in the jurisdictions in which we conduct business. We will continue to closely monitor the development of laws in the jurisdictions in which we conduct business, and take measures to comply with applicable laws. Nevertheless, there is no assurance that we will be able to identify all improper or non-compliant activities of supply chain partners or other business partners, or comply with the laws in a timely manner given the large number of markets we sell our products to and the complexity and evolving nature of the relevant legal and regulatory landscape.

To date, we are not aware of any past, current or threatened proceedings or any known, suspected or potential non-compliance with any employment-related laws and regulations which have been identified or investigated that are material to the operations of the Group. However, there can be no assurance that such actual or threatened proceedings or investigations would not arise in the future. From time to time, we are subject to inquiries, investigations or other regulatory proceedings from regulatory agencies, public officials, legislators, government or legislative committees or commissions, or other authorities with respect to our supply chain and alleged non-compliance with applicable employment protection and other rules in the supply chain. Such inquiries, investigations or other regulatory proceedings may negatively affect our reputation and brand image and lead to penalties or other civil or legal liabilities or additional regulatory actions, and our business, results of operations and the price of the Class B Shares may suffer as a result. Furthermore, to the extent we identify any potential non-compliance by any of our supply chain partners, we may have to find and establish relationships with alternative qualified partners on commercially acceptable terms. We cannot assure you that we will be able to do so in a timely manner, or at all.

We expend substantial resources to comply with applicable labour laws and regulations in the countries or regions where we operate, and any non-compliance with such laws or regulations may subject us to disputes and penalties.

We are subject to labour laws and regulations in the countries and regions where we operate. Such laws and regulations subject employers to various requirements such as those related to employment contracts, minimum wages, work hours, workplace safety and termination of labour contracts. We need to expend substantial resources to comply with such labour laws and regulations. In the event that we decide to terminate some of our employees or otherwise change our employment practices, the applicable laws may also limit our ability to effect those changes in a desirable or cost-effective manner. We cannot assure you that our employment practice will at all times be in full compliance with labour-related laws and regulations in the countries and regions where we operate, which may subject us to labour disputes or government investigations. If we were to be found in violation of relevant labour laws and regulations, we could be required to provide a significant amount of additional compensation to our employees or could face other material penalties such as monetary fines and suspension of business operation, as a result of which our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to legal requirements to provide social insurance and/or other benefits to employees in the jurisdictions in which we operate. We cannot assure you that we will always be in full compliance in every jurisdiction. For example, we were historically not in full compliance with respect to the required employer contributions to social insurance plans and other employee benefits. As advised by our external legal counsel, an employer that has not made social insurance contributions in full and on time may be ordered to rectify and pay the required contributions and be subject to a late payment fee and potentially a fine (ranging from one to three times the amount overdue). An employer that has not made the required housing provident fund contributions may also be ordered to rectify the noncompliance and pay the required contributions or be subject to court enforcement. We have made proper provisions for such potential payments. As advised by our external legal counsel, as long as we make timely and full contributions upon request from the relevant authorities, the maximum potential penalty would be limited to the provisions described above, which we do not expect to be material to us.

During the Track Record Period, we were not subject to any administrative penalties in terms of the contribution of social insurance premium and housing provident funds. As of the Latest Practicable Date, we did not receive any notification from the relevant authorities alleging that we had not fully contributed to the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline. However, we cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to complaints or investigations related to noncompliance with labour laws and are required to make additional contributions to social insurance premiums and housing provident funds, and late payments and fines, our costs would increase.

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labour costs, our business may be materially and adversely affected.

To support continued growth, we hire new employees and integrate, develop and motivate them while maintaining our corporate culture. We face significant competition for personnel, particularly those with specialised skills and expertise. If we fail to recruit and onboard necessary personnel or successfully integrate new hires into our organisation and culture, we may be unable to develop and maintain a strong workforce to support our business, and our ability to grow our business and operate it in an efficient manner will be affected.

To attract top talent, we have had to offer, and expect to continue to offer, competitive compensation and benefits packages before we can validate the productivity of new employees. We may also need to increase our employee compensation and benefits levels and offer more favourable working conditions to remain competitive in attracting and retaining talented employees. Failing to do so may undermine our ability to attract employees and affect our employee morale, productivity and retention. On the other hand, increasing employee compensation and benefits represents a significant ongoing expense that may strain our financial resources and put pressure on our profitability and cash flow.

F. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") RISKS

Evolving regulations and increased scrutiny from regulatory agencies and other authorities regarding our environmental and sustainability responsibilities and performance could result in additional costs and increased risks of non-compliance, and could adversely impact our reputation.

Amidst growing public awareness of environmental, social and governance issues and pressure on governments to strengthen regulatory oversight in these areas, there is an increasing level of scrutiny from regulatory agencies and other authorities globally in relation to environmental and sustainability matters, which could result in additional costs and risks for our business. As a large and well-known fashion retailer with significant global operations, we may be negatively impacted, and be specifically targeted, by these evolving regulations and increased scrutiny from regulatory agencies and other authorities, particularly given public perceptions that there is a systemic problem of resource waste in the fashion retail industry.

Compliance with evolving regulations related to environmental and sustainability matters may require us to modify our operations, invest in new technologies, make changes to our supply chain, make periodic public disclosures or incur other additional expenses, which could negatively impact our financial performance. For example, we incur significant costs of compliance relating to Extended Producer Responsibility (EPR) fees imposed in a growing number of jurisdictions. See "Regulations — Regulations Related to ESG." We may also be subject to evolving requirements relating to sustainability reporting, environmental claims, sustainability-related statements, packaging and packaging waste, and other consumer-facing disclosures or marketing practices, and compliance with such requirements may increase our costs and expose us to regulatory scrutiny, penalties, litigation and reputational harm.

Furthermore, regulations related to environmental and sustainability matters are developing and, as a result, may lack clear standards and guidance for implementation, which also poses a risk to our ability to implement and comply with such regulations. Any failure or perceived failure to comply with any regulations in these areas could lead to fines, penalties, litigation, other legal liabilities and/or significant reputational harm, and may negatively affect our reputation and relationships with customers, supply chain partners or other business partners, and in turn our business and financial condition. For example, we were fined EUR 1 million by the Italian Competition Authority (AGCM) in 2025 after it concluded that certain sustainability-related statements on our website could mislead consumers. We took immediate actions to address their concerns, including removing the relevant content, filing a compliance report with the AGCM, and implementing enhanced internal compliance measures. We remain in continued dialogue with the AGCM in respect of our remediation efforts.

We are also subject to the Corporate Sustainability Due Diligence Directive (the "**CSDDD**"). See "Regulations — Regulations Related to ESG." The CSDDD also introduces a new penalty regime in relation to compliance with its terms. These new regimes might introduce new avenues for regulatory enforcement or litigation against us, which could be time-consuming, costly and harmful to our reputation, even if successfully resolved or settled. In addition, the transposition of EU directives and regulations into national laws by EU member states may result in member-state-specific requirements that are more stringent than, or otherwise differ from, the baseline EU requirements. We may be required to comply with such higher or divergent national standards in the relevant EU member states, which could increase our compliance burden, costs and risk of non-compliance.

Furthermore, we are governed by the Ecodesign for Sustainable Products Regulation (the "**ESPR**") which was adopted by the European Commission in February 2026. See "Regulations — Regulations Related to ESG." Certain of our EU entities qualify as "large enterprises" for the purposes of the ESPR, and we are accordingly subject to both the existing disclosure obligations and the ban on destruction starting in July 2026. As a result, we are required not only to meet the disclosure obligations but also to adjust our inventory and returns management processes, as well as evaluate any potential qualifying derogations. While we maintain relatively low levels of unsold inventory in comparison to other fashion retailers, we have introduced, and will continue to introduce, improved policies, procedures, and governance structures designed to ensure compliance with the ESPR, including its prohibition on the destruction of unsold products. Violation of the ban on destroying unsold consumer products may expose us to fines and/or time-limited exclusion from public procurement procedures, which could in turn materially and adversely affect our business, financial condition and results of operations.

We may fail to meet the expectations of various stakeholders in relation to our ESG practices, which may affect our reputation and the willingness of our customers, supply chain partners and other stakeholders to do business with us.

Institutional investors, investment funds, investor advocacy groups, other market participants, shareholders, customers and the media are increasingly focusing on the ESG practices of companies, including those associated with labour protection (see "— E. Risk Related to Labour Practices — The global landscape of labour protection laws, regulations and standards is complex and evolving, and any actual or perceived non-compliance by us or our supply chain partners with these laws, regulations and standards may subject us to claims of violation, penalties, reputational damage or disruptions in our supply chain"), climate change and environmental protection. [**REDACTED**] have placed increased importance on the implications of the environmental and social cost of their [**REDACTED**]. We have received attention from [**REDACTED**], the media, customers and non-governmental organisations on our ESG practices, particularly the environmental and social impact of our business as a fashion retailer, and may continue to face scrutiny, especially after we become a [**REDACTED**] company. There is a negative perception of the retail fashion industry in which we operate that often associates the industry with waste, pollution, overconsumption and labour issues. This has an impact on our reputation in respect of ESG matters and may increasingly do so after we become a [**REDACTED**] company. In particular, the environmental impact, such as the waste inherently created by the manufacture of garments or the emissions generated by shipping and transporting garments, of the retail fashion industry has come under public scrutiny and, as the regulatory environment continues to evolve globally, businesses operating in the retail fashion industry may be subject to additional ESG obligations, which could heighten their costs of compliance or subject them to inquiries, investigations or other regulatory proceedings and actions in connection with their environmental practices. As a fashion retailer, we have been subject to ESG-related public scrutiny across various aspects of our business. For example, concerns have been raised regarding the carbon emissions in our operations and the operations of our suppliers. The climate impact of each stage of our operations, the feasibility of our emissions reduction targets, and the operations of our suppliers, from sourcing, production and processing of materials, to product manufacturing, logistics and end-of-life product management, has been scrutinised. We have also received attention on the quality, durability and chemical use of our products and face criticism that our business contributes to pollution, deforestation and forest degradation. Furthermore, we face the challenge of waste of resources, which is seen as a systemic problem in the fashion retail industry because there is a perception that fashion retailers who concentrate on affordable offerings necessarily lead to the increased consumption of apparel products. As a large and well-known online fashion retailer, and given the global scale of our business operations, we have been and may continue to be a prominent target of allegations arising from such perceptions. As such, if our ESG practices in any key aspect of our business fail to adequately meet environmental standards applicable to us or are perceived by the public or by [**REDACTED**] to contribute to waste or pollution or otherwise negatively impact the environment, our brand and reputation could be harmed, and our business may be adversely affected.

We continue to develop and strengthen ESG practices and have adopted a wide range of corporate governance practices, policies and procedures to mitigate our ESG-related risks. However, if our ESG practices do not meet the expectations and standards of [**REDACTED**], customers, non-governmental organisations or other industry stakeholders, which continue to evolve, our brand and reputation may be negatively impacted. Furthermore, our ESG reports or other related disclosures, such as those made pursuant to the reporting requirements of the EU Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards, may include our policies, practices and goals with respect to a variety of social and environmental matters, including environmental protection and supply chain management. Our ESG policies, practices and goals are also constantly evolving. These goals, such as our voluntary climate-related targets, are subject to assumptions and external dependencies, and there can be no assurance that they will be achieved within the expected timeframe or at all. Stakeholders may not be satisfied with our ESG disclosures, our ESG practices or the speed of their adoption as described in our ESG reports or disclosures. We could also incur additional costs and require additional resources to monitor, report and comply with various ESG practices and meet various ESG-related goals. We could be criticised for failure or perceived failure to meet the standards or goals included in any ESG disclosure, and could be scrutinised for our transparency in ESG disclosures and commitment to ESG in general. It is also possible that our stated actions on our ESG practices are perceived by stakeholders as inadequate or that such stated actions are considered to have been overstated or presented vaguely, unclearly or in a way which cannot be substantiated. In any of such events, our reputation and the willingness of our customers, supply chain partners and other stakeholders to do business with us may be negatively affected. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Regulations in relation to climate change and other environmental issues may increase our operational and compliance costs.

In many countries, governmental bodies are enacting new or additional legislation and regulations to reduce or mitigate the potential impacts of climate change and to prevent and minimise the impact of other environmental issues such as waste and pollution. If we and/or our supply chain partners are required to comply with such additional environmental protection laws and regulations, we may experience increased costs for materials, energy, production and transportation, or increased capital expenditures, which could adversely impact our capital resources and results of operations. The existing and future environmental protection and anti-climate change measures and initiatives that we take also incur significant costs. In addition, inconsistency of legislation and regulations amongst jurisdictions may further increase the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate. As a result, we may incur significant costs in our efforts to comply with the various and evolving climate change regulations and standards, and there is no guarantee that our efforts will be effective.

There has been, and is expected to be, an increasing number of EPR schemes across various jurisdictions and across various product and packaging types. See "Regulations — Regulations Related to ESG." As more jurisdictions worldwide implement EPR schemes for textiles, and other products offered by the third-party merchants on our marketplace, our EPR fees may further increase. Additionally, our compliance costs could increase due to the complexity and inconsistency of EPR requirements globally, which poses a risk to our ability to meet all applicable regulations in every market. Any failure or perceived failure to comply with EPR regulations could result in fines, other legal liabilities, and significant reputational damage.

The loss of key management and any adverse change to our corporate culture may disrupt our operations and have a material adverse effect on our business.

The success of our business depends, to a large extent, on the continued service of our founding management team. The loss of the leadership or service of any member of this team could significantly disrupt our operations, impair our competitive strength and our ability to execute our strategic plans, and materially and adversely affect our business, financial condition and results of operations. We may not be able to adequately mitigate the negative impacts of such loss, as we may not be able to find management personnel internally or externally with similar experience and industry knowledge to replace them on a timely basis.

In addition, we believe that a critical component of our success is our corporate culture, which encourages teamwork and cultivates creativity and inclusivity. As we develop the infrastructure of a [**REDACTED**] company and continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue our corporate objectives, which could have a material adverse effect on our business and future growth. For example, as we expand into new geographic regions and hire more employees, we may face challenges in maintaining consistent corporate values and promoting our corporate culture across all of our locations.

G. RISKS RELATED TO OUR FINANCIAL PERFORMANCE, CAPITAL RESOURCES AND INTERNAL CONTROL

Results of Operations, Seasonality and Internal Controls

A higher-than-expected rate of returns could materially and adversely affect our results of operations and financial condition.

We allow our customers to return products, subject to our return policy. If the rate of product returns increases significantly or if product return economics become less efficient, our business, financial condition and operating results could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of product returns. From time to time our products are damaged in transit, which can increase return rates and harm our brands.

Our results of operations may be adversely impacted by currency exchange rate fluctuations.

Our results of operations are affected by the fluctuations in foreign exchange rates. We allow our customers to pay us in their preferred currencies, including the US Dollar, Euro and other currencies. Our expenses and liabilities related to our supply chain, marketing and other partners are also denominated in a mix of currencies. Any significant appreciation or depreciation of a currency in which we generate revenues or in which our expenses and liabilities are denominated could have an impact on our results of operations and financial condition.

The availability and effectiveness of hedging transactions may be limited and we may not be able to adequately hedge our exposure or at all. We expect that we will continue to be exposed to currency exchange risk to the extent that we do not have hedging arrangements or our hedging arrangements do not cover all of our exposure to currency exchange risk. As a result, fluctuations in exchange rates may have a material adverse effect on our financial performance.

Our business is affected by seasonality, which can result in fluctuations in our results of operations.

We experience seasonal fluctuations in sales volume each year. Specifically, we have observed different trends in seasonality in different geographical markets. Different markets are characterised by their respective peak seasons, such as Black Friday and mid-year or end-of-year sales. Accordingly, any factors that harm our peak season results of operations in the respective geographical markets could have a disproportionate material adverse effect on our business, financial condition and results of operations for the entire financial year.

Our interim results of operations may also fluctuate significantly as a result of a variety of other factors, including changes in discretionary spending and investments in marketing. As a result, historical period-to-period comparisons of our revenues and results of operations are not necessarily indicative of future period-to-period results.

If we fail to effectively manage our inventory levels, inventory turnover and inventory obsolescence risk, our business, financial condition and results of operations could be materially and adversely affected.

Our inventories mainly include finished goods, and our business requires us to manage inventory associated with a vast product selection. Although our LATR operating model, which is built on our end-to-end intelligent supply chain and agile global fulfilment network, helps minimise our inventory waste while enabling speed and scale in new product launches, the model is complex and may not continue to operate effectively at scale. Our inventory turnover days were 35, 34, 36 and 38 days in 2023, 2024 and 2025 and the twelve months ended 31 March 2026, respectively, and our inventories were US$1,637 million, US$1,500 million, US$1,261 million and US$1,384 million as of 31 December 2023, 2024 and 2025 and 31 March 2026, respectively. We also recorded inventory written down and loss on inventory obsolescence of US$121 million, US$199 million, US$185 million and US$47 million in 2023, 2024 and 2025 and the three months ended 31 March 2026, respectively.

In addition to the efficiency of our supply chain and the effectiveness of LATR, our inventory level and turnover are affected by other factors, such as seasonality, changes in product cycles and pricing, promotions, changes in consumer spending patterns, changes in consumer tastes, fulfilment speed, acceptance rate of cash-on-delivery products, and processing time for returned products. We may not be able to accurately forecast demand, respond to shifts in customer preferences, or manage purchase and replenishment decisions in a timely manner, particularly as we continue to expand our product offerings, product categories and geographic markets. If inventory levels exceed customer demand, we may be required to record additional inventory write-downs or write-offs, sell products at markdowns, incur higher inventory holding costs, or commit substantial capital resources to inventory, any of which could adversely affect our profitability, cash flows and results of operations. Conversely, if we underestimate demand or if our supply chain partners fail to supply products of the required quality in a timely manner, we may experience inventory shortages, delayed fulfilment, missed sales, reduced customer satisfaction and reputational harm. If we fail to effectively manage our inventory levels, inventory turnover and inventory obsolescence risk, our business, financial condition and results of operations could be materially and adversely affected.

Our short-term investments subject us to liquidity and other risks.

We hold a significant amount of short-term investments, consisting primarily of fixed term deposits that are purchased from high credit rating international banks with maturity dates ranging from three months to one year, which expose us to a number of risks. The returns on fixed-term deposits are subject to prevailing interest rates and a decline in interest rates could reduce our investment income, adversely affecting our overall results of operations and financial condition. Our short-term investments are not immediately accessible prior to maturity without potential penalties or loss of interest. In the event of an urgent need for liquidity, we may face challenges in accessing these funds promptly, which could impact our ability to meet immediate financial obligations. Further, unforeseen financial instability, banking sector disruptions, or sovereign risks in the jurisdictions where the relevant banks operate could impact the safety and recoverability of these deposits.

We have granted, and may continue to grant, share options, restricted shares or other forms of share-based incentive awards, which have resulted in and may continue to result in share-based compensation expenses.

We adopted our 2018 Stock Incentive Plan in November 2018 and further amended it in October 2021, January 2023 and April 2024 (the "**2018 Plan**"). Through the 2018 Plan, we provide additional incentives to attract and retain the best available personnel, and promote the success of our business. We recognise expenses in our consolidated financial statements in accordance with IFRS. Under the 2018 Plan, we are authorised to grant options, restricted shares, restricted share units and other types of awards, and the maximum aggregate number of ordinary shares that may be issued is 9,278,597 ordinary shares (without taking into account the Share Split). As of 31 December 2025, options to purchase a total of 2,983,567 Class B Shares and restricted share units to receive a total of 243,330 Class B Shares had been granted and were outstanding under the 2018 Plan. We believe the granting of share-based compensation 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 a material adverse effect on our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in our future reporting periods. In addition, the vesting of restricted share units and the exercisability of certain options granted under our share incentive plans are conditioned upon the completion of this [**REDACTED**]. Following the [**REDACTED**], subject to the terms of the relevant grants and the Group's internal policies, as such restricted share units vest and such options become exercisable and may be exercised, we will be required to issue additional Class B Shares to the relevant grantees, which will dilute the shareholding of our existing Shareholders. As we continue to grant share-based incentive awards in the future, our Shareholders may experience further dilution of their ownership interests.

We recorded net current liabilities as of 31 December 2025 and 31 March 2026, even though we had net current assets as of 31 December 2023 and 2024.

We had net current assets of US$6.9 billion and US$7.6 billion as of 31 December 2023 and 2024, respectively, while we recorded net current liabilities of US$8.5 billion and US$8.5 billion as of 31 December 2025 and 31 March 2026, respectively. The change from net current assets as of 31 December 2024 to net current liabilities as of 31 December 2025 was primarily because we recorded the current portion of convertible redeemable preferred shares as of 31 December 2025, mainly attributable to the reclassification of convertible redeemable preferred shares from non-current liabilities to current liabilities. The further increase in net current liabilities from 31 December 2025 to 31 March 2026 was primarily due to an increase in accrued expenses and other current liabilities. All the convertible redeemable preferred shares which were accounted as liabilities will be converted into Class B Shares immediately prior to the completion of the [**REDACTED**], and such liabilities would be derecognised and accounted as an increase in equity then. However, there can be no assurance that we will not experience liquidity problems in the future.

The valuations of our long-term investments measured at FVTPL and convertible redeemable preferred shares are uncertain due to the use of unobservable inputs.

We issued multiple series of convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profit or loss, and initially recognised at fair value on the date of issuance. Such convertible redeemable preferred shares will be converted into Class B Shares immediately before completion of the [**REDACTED**]. In addition, our subscriptions to preferred shares of third-party companies were classified as long-term investments measured at fair value through profit or loss ("**FVTPL**") due to the redemption option available to us.

Long-term investments at FVTPL and convertible redeemable preferred shares are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. Please refer to note 18(c) to the Accountant's Report included in Appendix I to this document for the key assumptions in determining long-term investments at FVTPL and the fair value of the convertible redeemable preferred shares. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could materially affect long-term investments at FVTPL and the fair value of the convertible redeemable preferred shares, which in turn may adversely affect our results of operations.

As of 31 December 2023, 2024 and 2025 and 31 March 2026, we recorded long-term investments at FVTPL of US$82 million, US$169 million, US$158 million and US$163 million, respectively. The carrying amounts of the convertible redeemable preferred shares are US$20,807 million, US$18,376 million, US$18,048 million and US$17,294 million as of 31 December 2023, 2024 and 2025 and 31 March 2026, respectively.

We expect continued fluctuation of the fair value of the convertible redeemable preferred shares after 31 March 2026 till the completion of the [**REDACTED**], upon which all the preferred shares will automatically convert into Class B Shares. After the automatic conversion of the Preferred Shares into Class B Shares upon the completion of the [**REDACTED**], we do not expect to recognise any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future.

Our system of internal financial controls is subject to continual enhancement and change as we grow, which could result in misstatements in our financial reporting and diminish [**REDACTED**] ***confidence in our business.***

Given the continued growth of our business, our systems of internal control and certain aspects of our financial systems will need to be continually enhanced to keep pace with increasing and emerging risks, and we might not have sufficient internal resources with the required technical skills, which may require us to incur additional expenses to provide sufficient resources and support in a timely manner. Our business generates high volumes of data and there are inherent limitations to how we measure that data or with respect to the data itself. If in the future we fail to identify a material deficiency that develops in our internal controls over financial reporting or in other areas of our financial systems as our business rapidly grows, we could suffer material misstatements in our financial statements, which would likely cause [**REDACTED**] 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 the Class B Shares. Additionally, a failure to identify such deficiencies could expose us to increased risk of fraud or misuse of corporate assets, which could impact our strategic decision-making and diminish [**REDACTED**] confidence.

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

We maintain certain insurance policies to safeguard against risks and unexpected events, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our financial condition and results of operations could be materially and adversely affected.

Capital Resources and Financing

We may need additional capital and financing may not be available on terms acceptable to us, or at all, which may constrain our working capital and affect our ability to operate and grow our business.

We may require additional cash resources due to evolving business conditions or other future developments. For example, in the future, as we continue to expand into new markets and grow our business in existing markets, we may need to invest heavily in technology infrastructure, talent and marketing activities, which may require substantial capital resources. Factors such as negative trends in consumer spending and increased competition that affect our sales and cash flows from operations may also require us to obtain additional capital for our business operations. If our current cash and cash equivalents and our anticipated cash flows from operations are insufficient to satisfy our evolving cash requirements beyond the 12 months from the date of this document, we may seek to obtain a credit facility or issue additional equity or debt securities. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. If we fail to obtain sufficient financing on acceptable terms when necessary beyond the 12 months from the date of this document, our available working capital may be constrained, which will affect our ability to operate and grow our business, make additional investment in technology and talent and pursue external acquisitions, amongst other things. Our competitive position, business prospects and financial performance may be materially and adversely affected as a result. We are currently not aware of working capital difficulties that may arise more than 12 months after the date of this document.

As we conduct business globally, if we seek additional capital through equity offerings or pursue other types of transactions, we may be required to obtain various approvals or authorisations or complete various filing procedures with regulatory authorities in multiple jurisdictions, potentially including the Stock Exchange, the SEC, the CSRC and other authorities where required. We may face challenges in obtaining or completing these necessary approvals or procedures in a timely manner.

If we obtain additional capital through the issuance of additional equity securities, it could result in dilution of our existing shareholders. If we obtain additional capital through debt financing, the indebtedness incurred would result in increased debt service obligations that require us to dedicate more cash to servicing principal and interest payments, reducing funds available for our operational needs and growth initiatives. Debt financing could also result in operating and financing covenants that would restrict our operations and limit our ability to make capital expenditures or obtain additional capital (where necessary beyond the 12 months of the date of the [**REDACTED**]), which may also have a material adverse effect on our business prospects.

On 28 October 2024, the U.S. Department of the Treasury (the "**Treasury**") issued a final rule on outbound investment, or the Final Rule, which became effective on 2 January 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with "countries of concern," collectively defined as "Covered Foreign Persons," that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons. We have confirmed with our U.S. legal counsel that as SHEIN Global Holdings Limited does not engage in any "covered activity" (as defined in the Final Rule) or otherwise fall within the definition, it is not a Covered Foreign Person. On 21 February 2025, the U.S. President issued a memo entitled the "America First Investment Policy" (the "**America First Memo**"), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors to which the Final Rule is applicable. On 18 December 2025, U.S. President Trump signed into law the Fiscal Year (FY) 2026 National Defense Authorization Act (the "**NDAA**"), which includes the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. The COINS Act requires the U.S. Treasury Department to, within 450 days from passage, promulgate new or amended regulations to implement the law. The application and implication of the Final Rule, the policies covered by the America First Memo, NDAA and any related policies, laws and regulations are complex, and they may be changed and updated from time to time. Evolving regulations and differing interpretations could further restrict our future ability to raise capital from U.S. [**REDACTED**], potentially harming our business, financial position, and prospects, and the value of our Shares.

H. RISKS RELATED TO CONSUMER PROTECTION AND MARKETING

Government regulation of the internet and e-commerce globally is evolving, and unfavourable changes or failure by us to comply with the applicable regulations could hinder our ability to market and sell our products and subject us to legal liabilities and reputational damage.

Government regulation of the internet and e-commerce is evolving around the world, and unfavourable changes or failure by us to comply with the applicable regulations could substantially harm our business, financial condition and results of operations. Existing and future regulations and laws could impede the growth of the internet or e-commerce. These regulations and laws, which continue to evolve and whose interpretation and enforcement can be uncertain, may involve anti-spam, content protection, electronic contracts and communications, social media marketing, third-party cookies, web beacons and similar technology for online behavioural advertising, gift cards, online payment, digital markets, competition, unfair commercial practices, consumer protection and platform liability. As an e-commerce company, we are subject to many of these laws and regulations, including those applicable to our new marketplace model.

We are subject to consumer protection and marketing laws that vary significantly from jurisdiction to jurisdiction and are continually changing and subject to interpretation by local government authorities. Amongst others, we are subject to laws that regulate product liability, health and safety, proper warnings, unfair and deceptive acts or practices in consumer commercial transactions, credit card and gift card practices, marketing email messages, telephone calls and text messages, gamification, advertising of discounts or other marketing activities, customer reviews and return policies. Any claimed or actual violation of these laws may give rise to consumer claims or actions, regulatory enforcement actions, or other government investigations.

As we conduct business globally, we may be subject to inquiries, investigations and other regulatory actions by authorities in various jurisdictions under consumer protection and marketing laws, such as the U.S. Federal Trade Commission (the "**FTC**") and state regulators in the U.S., as well as consumer protection regulators in Europe and elsewhere. For example, we were fined by DGCCRF in 2025, which oversees both competition and consumer protection in France, in relation to our historical pricing display and environmental claims and this matter has since been resolved in July 2025 through a settlement involving a fine of EUR 40 million. To prevent the recurrence of similar incidents and more broadly ensure compliance with applicable marketing laws, we have implemented specific remediation plans and taking measures to improve business operations, employee awareness, and system controls. These include enhancing communication between our legal compliance and business teams, as well as the frequency and depth of internal compliance checks. However, we cannot guarantee that these measures will be effective, in which case we could be adversely affected. We are also currently subject to another regulatory proceeding in France relating to our data privacy and cookie consent practices. For details of this separate proceeding in France, see "D. Risks Related to Data Security, IP and Technology — Data Security and Privacy — Failure to comply with global privacy-related obligations could subject us to legal liabilities, additional costs and reputational damage." In addition, the FTC has been conducting an investigation into our U.S. business operations, and we are actively cooperating with the FTC in connection with such investigation. Although it is possible that we may reach a settlement with the FTC in connection with the investigation, we currently cannot predict the probable outcome of the investigation and the timing of such outcome, and we cannot rule out that such outcome could occur in the near term. The outcome of the investigation, whether in settlement or otherwise, may require us to make significant monetary payments that could have a material adverse effect on our financial condition and results of operations.

Separately, the Consumer Protection Cooperation Network of EU national consumer authorities (the "**CPC Network**") initiated a formal investigation against us, in which the CPC Network requested us to provide information related to our consumer return, discounting and other practices, and we have responded to the CPC Network within the requested timeline and have made commitments to, and taken, corrective actions. In addition to the DGCCRF matter described above relating to our historical pricing display and environmental claims, in June 2026, DGCCRF imposed administrative fines totalling approximately EUR 22.5 million on two of our subsidiaries in connection with deficiencies identified in our order confirmation practices, the exercise of consumer withdrawal rights, product traceability disclosures and environmental information disclosures relating to synthetic textile products. We disagree with this decision, believe the fines to be manifestly disproportionate, and are in the process of contesting both sanctions. In response to the evolving regulatory landscape, we have continuously enhanced and strengthened our compliance framework across our consumer-facing operations, with a focus on, among others, pricing and promotional display practices, environmental disclosures, user interface design and user experience compliance, governance of third-party merchants on our marketplace, and mechanisms for the identification and removal of products in high-risk categories. However, we cannot guarantee that these measures will be sufficient to prevent future regulatory actions or that the interpretation and enforcement of applicable laws and regulations will align consistently with our internal compliance assessments.

Separately, in addition to the foregoing consumer protection matters, we are also subject to regulatory obligations under the EU Digital Services Act (the "**DSA**"), which came into force in November 2022 and became fully applicable in February 2024. Non-compliance with the DSA can result in fines of up to 6% of total annual worldwide turnover, although the actual amount of any fine imposed, if at all, would depend on the nature, gravity, duration and recurrence of the infringement and other factors considered by the European Commission, and other enforcement measures. The DSA governs, amongst other things, potential liability for illegal products on online platforms, and requires enhanced transparency measures including in relation to any recommendation systems used to present product options to a user. In particular, if an online platform presents information about products in a way that would lead an average consumer to understand the product is provided by the platform directly, it may be liable directly under consumer protection law. In April 2024, we were designated by the European Commission as a Very Large Online Platform (VLOP) under the DSA, which subjects us to the most stringent rules under the DSA from the end of August 2024. The DSA may increase our compliance costs and require changes to our user interfaces, processes, operations and business practices, which may adversely affect our business, operations and financial condition. Failure to comply with the DSA can result in fines and other liabilities. To comply with the DSA, amongst other things, we have established and are continuing to develop notice and action mechanisms in accordance with the DSA and have adopted a systematic approach to handling reports of illegal content. In February 2026, the European Commission opened a formal investigation against us under the DSA in relation to (i) the systems we have in place to limit the sale of illegal products in the EU, (ii) the risks linked to the design of our service, as well as the systems we have in place to mitigate such risks, and (iii) the transparency of our recommender systems. We are cooperating with the European Commission in this investigation. The opening of the formal investigation does not prejudge the outcome, and, as the investigation remains at an early stage, we are unable to predict its duration, outcome or potential implications. We have also set up several internal processes that aim at adapting our design and functioning to ensure a high level of protection of children and determine the consequences of inaccurate, incomplete or outdated information obtained from traders in accordance with the DSA. Similar legislation may be considered and adopted in other jurisdictions in which we operate. For global regulations on privacy and data security, see "— D. Risks Related to Data Security, IP and Technology — Data Security and Privacy — Failure to comply with global privacy-related obligations could subject us to legal liabilities, additional costs and reputational damage". Regulations and laws specifically governing the internet or e-commerce may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could harm our reputation, cause us to spend significant amounts in defence of these proceedings, distract our management, increase our costs of doing business, negatively impact our sales, and may result in the imposition of monetary liability or other penalties. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. In addition, governments of one or more countries may even attempt to completely block access to them. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries, our ability to retain or increase our customer base may be adversely affected, and we may not be able to maintain or grow our sales and expand our business as anticipated.

Our products may experience quality and compliance problems from time to time, which could harm our reputation and brand name, affect our sales and subject us to potential liabilities.

We have adopted quality check protocols to hold our suppliers to our product quality standards. These include mandatory documentation, tracking and chemical safety testing for SHEIN-branded products. We also have an extensive product compliance programme, through which we set compliance requirements aligned with applicable laws and regulations and carry out checks based on a risk-weighted approach to ensure product compliance. Non-compliant products and sellers are dealt with swiftly, and delisting and recalls are carried out in accordance with relevant procedural rules. However, there is no guarantee that our quality and compliance control will be as effective as intended with respect to all such applicable laws and regulations. Products on our marketplace have in the past experienced, and may in the future experience, quality and compliance problems from time to time, including instances where they fail to meet applicable laws and safety standards. Such problems could result from a wide range of issues, including sellers attempting to circumvent our rules, by-products of the manufacturing process, and issues arising during transport, not all of which are within our control. Furthermore, we are subject to laws and regulations that regulate the materials, components, chemical use, disclosure of information, labelling, and other aspects of the quality, safety and environmental impact of products. To help ensure that our company-branded apparel products meet these laws and regulations and other applicable safety standards, we have developed a comprehensive control system covering our end-to-end process, and we maintain and implement a restricted substances list with the support of third-party experts and independent labs. However, these laws and regulations are complex, constantly evolving and different among different jurisdictions, and we cannot assure you that our products will always comply with such laws and regulations at all times, as we also rely on our material suppliers, contract manufacturers and the testing labs we work with to help achieve compliance with such laws and regulations.

Concerns or issues with the quality or compliance of the products sold by us or on our marketplace, regardless of their merits or outcome, could cause damage to our reputation and result in lost sales, product recalls or returns and increased costs, and regulatory, civil or criminal fines or penalties, adversely impacting our business, financial condition and results of operations. In particular, we could be subject to significant liabilities and reputational damage if certain products sold by us or on our marketplace are found to have safety issues.

Our ability to promote our brand on social media platforms will be affected if we fail to maintain good relationships with online influencers, and negative behaviour of online influencers may harm our reputation.

We believe that social media and online influencer-driven marketing has contributed to the growth in our customer base. If we are not able to develop and maintain positive relationships with online influencers, our ability to promote and maintain brand awareness and leverage social media platforms to drive visits to our mobile apps and websites may be adversely affected. Our ability to attract new customers and grow our business would suffer as a result.

Because of our collaboration with online influencers and other celebrities in our marketing efforts, our business may be adversely affected by their behaviour. Negative or inappropriate behaviour by these individuals, such as making controversial statements, engaging in inappropriate conduct, or unauthorised use of third-party intellectual property, could harm our reputation and brand image, leading to a decline in consumer confidence and sales. In addition, any negative publicity arising from these situations could result in a loss of business opportunities and increased costs associated with damage control efforts. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to execute our marketing strategies in a cost-effective manner, our ability to grow our brand awareness and our business may be affected.

Our success depends in part on our ability to effectively execute our marketing strategies to grow our brand awareness amongst new customers and retain or increase the lifetime value of existing customers. If we are unable to do so successfully, we may experience slower customer growth or increased marketing costs. Further, marketing efforts designed to increase awareness of our brands require a substantial investment of capital, management time and other resources. Our marketing and branding activities may not be well received, successful or cost-effective, which may lead to significantly higher marketing expenses in the future. Failure to refine our existing marketing strategies or introduce new effective marketing strategies in a cost-effective manner could impact our business, financial condition and results of operations.

I. GENERAL REGULATORY AND LITIGATION RISKS

Our multi-jurisdictional operations and the regulatory environment of those jurisdictions may subject us to significant compliance obligations and costs and heightened risks of non-compliance.

We operate in and offer our products to various jurisdictions. In 2025, we sold products to customers across approximately 160 markets, deriving approximately 24% of our revenues from the United States and the rest from other global markets. Due to our multi-jurisdictional operations, our business is subject to numerous laws in different jurisdictions, including laws applicable to the e-commerce sector such as laws with respect to consumer protection, product liability, labelling of goods, online payment, money transmission on a marketplace, privacy, data protection and data security, online advertising and other content and telecommunications, as well as laws applicable to companies in general, such as those relating to intellectual property protection, tax, health and safety, finance, anti-money laundering, competition, import/export, anti-corruption and international sanctions. For example, in the United States, the laws that we are subject to include, among others, the Federal Trade Commission Act, Consumer Product Safety Act, the California Consumer Privacy Act and other federal and state laws on data privacy and protection, the Internal Revenue Code of 1986, the Tariff Act of 1930 and the Foreign Corrupt Practices Act. In Europe, the laws that we are subject to include, among others, the Digital Services Act, the EU and UK General Data Protection Regulations, the VAT System Directive 2006/112/EC, the UK Bribery Act and the Fourth Money Laundering Directive (Directive EU 2015/849). In Singapore, the laws to which we are subject include, among others, the Employment Act of Singapore, the Workplace Safety and Health Act of Singapore and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992. In the Chinese mainland, laws that we are subject to include, among others, the Enterprise Income Tax Law of the People's Republic of China, the Labour Law of the People's Republic of China and the Regulations of the People's Republic of China on Foreign Exchange Administration. Our multi-jurisdictional operations and sales involve a risk of failure to comply with local laws and regulations. A change in applicable laws and regulations or interpretations in any of the markets could subject us to increased compliance obligations and costs, decrease demand for our products, limit marketing methods and capabilities, or subject us to additional liabilities.

Some of the regions in which we operate or to which we may expand have enacted or may enact or amend, from time to time, laws and regulations governing the internet, e-commerce, the products or services we offer, our investment or other aspects of our operations. If the products or services provided through us were deemed by any relevant government authorities to violate those laws and regulations, we may become subject to penalties, including administrative fines, suspension of business, and revocation of any required licenses, which could materially and adversely affect our business, financial condition and results of operations. For example, in 2020, the Indian government banned dozens of mobile apps, including our apps, under India's Information Technology Act. We cannot rule out the possibility that similar incidents may take place elsewhere in the future. In addition, we are subject to evolving regulations governing outbound investments of jurisdictions in which we operate, which may restrict, delay or otherwise affect our ability to conduct operations, provide support to our subsidiaries or business partners, or implement our global strategy.

Some of our current or future markets are still in the process of perfecting their legal systems, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations may be determined on an ad hoc basis depending on the facts and circumstances. Since local administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy in many of the localities in which we operate. Moreover, local courts may have broad discretion to reject enforcement of foreign awards. Our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims may be affected. In addition, these factors may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Furthermore, some of the legal systems in which we operate now or in the future are 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. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies and rules until sometime after the violation. In addition, any administrative and court proceedings in the markets in which we operate or to which we may expand may be protracted, resulting in substantial costs and diversion of resources and management attention.

We are from time to time party to litigation and other legal or administrative disputes, proceedings and investigations that may require us to expend significant resources and subject us to penalties, reputational damage or other negative consequences.

From time to time, we have been and continue to be subject to claims, litigation, legal or administrative disputes, proceedings and investigations in the ordinary course of our business, such as those relating to intellectual property rights infringement, antitrust, consumer protection laws, employment disputes, supply chain issues, contractual or other disputes with suppliers or third party service providers and customs inquiries or enforcement including seizure of merchandise. For example, we are currently involved in over 40 pending lawsuits that have been brought against us concerning alleged intellectual property rights infringement. As another example, in December 2023, Temu filed a complaint in the United States District Court for the District of Columbia, accusing us of violating US antitrust laws through unfair competitive practices. In September 2025, our motion to dismiss was partially granted. We continue to vigorously defend ourselves against these allegations, and as of the date of this document, the case remains unresolved. In addition, we are involved in IP infringement lawsuits against Temu and their competition counterclaim against us in the UK, which also remain unresolved. When any proceedings, claims, disputes, arbitration or investigations arise, they may distract our management's attention and consume a significant part of our time and other resources. In addition, even if we ultimately succeed in a given proceeding, there may be negative publicity created in the course of or surrounding that proceeding, which may materially and adversely affect our reputation. We are currently involved in multiple legal proceedings, which may further increase the risks of negative publicity and reputational damage, potentially eroding stakeholder trust, diminishing customer loyalty, and resulting in the loss of business opportunities. In the case of an adverse outcome, we may be required to pay significant monetary damages, incur significant costs, assume significant liabilities or modify, suspend or terminate parts of our operations. As a result, our business, financial condition, and results of operations may be materially and adversely affected. Recent and ongoing regulatory matters across different jurisdictions, including the fines, inquiries and proceedings described in this section and elsewhere in this document, may lead to continued regulatory attention, and there can be no assurance that similar or follow-on investigations, enforcement actions, fines, penalties, remediation obligations or reputational harm will not arise in the future. As of 31 March 2026, we had made provisions in the amount of approximately US$6.0 million for the over 40 pending IP lawsuits described above in accordance with IFRS. The amounts of any provisions we record in connection with any claims, litigation, disputes, proceedings and investigations are inherently subject to substantial uncertainties, including but not limited to the evolution of factual findings, judicial or regulatory interpretations, settlement negotiations, and the possible imposition of remedies or sanctions that have not yet been quantified. Accordingly, the final amounts that we may ultimately be required to pay, if any, could differ materially, either higher or lower, from the provisions recorded.

If we fail to obtain and maintain the requisite licenses, permits, registrations and filings applicable to our global business, or fail to obtain additional licenses, permits, registrations or filings that become necessary as a result of new enactment or promulgation of government policies, laws or regulations in any applicable jurisdiction or the continued expansion of our business, our business, financial condition and results of operations may be materially and adversely affected.

Under the laws and regulations of the jurisdictions in which we operate, we are required to obtain or complete certain licenses, approvals, registrations, filings and other permissions for our multi-jurisdictional operations. To date, our operations have not been materially and adversely affected by the absence of any license. As a growing company that is continually exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope, engage in different business activities and further expand our geographical footprint. Licensing requirements for the same or similar business activities may vary amongst different jurisdictions and are constantly evolving, which makes it difficult for us to ensure full compliance globally and at all times. We may fail to meet certain applicable licensing requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be materially affected. For example, our global operations integrate technologies developed by our global technology teams located in different countries. As a result, due to differences in the laws, geopolitical factors and other considerations across various jurisdictions, import and export requirements relating to goods and technology differ from jurisdiction to jurisdiction and may become more stringent in the future. Even though we are not currently subject to any investigation in this regard in the relevant jurisdictions, this does not mean that we will not, in the future, be required to apply for any license, be deemed to require any permit, or be required to complete any government formalities, and as a result, our business may be adversely affected. We may fail to comply with such requirements in time or at all. As of the date of this document, we are not aware of any material government investigation concerning potential violations of export control laws in connection with the use of our technology. We review our technologies for compliance upon onboarding and periodically following legal updates.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal, reporting or filing obligations according to the regulations or rules of the relevant jurisdiction. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or fail to obtain such renewals in a timely manner, or fail to fulfil reporting or filing obligations in a timely manner, our operations could be disrupted. Furthermore, due to uncertainties of interpretation and implementation of existing laws and the adoption of additional laws and regulations in some of the jurisdictions in which we operate, the licenses, permits, registrations or filings we hold may be deemed insufficient by the local government, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. If any of these risks materialises, our business, financial condition and results of operations may be materially and adversely affected.

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

Our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in the markets in which we operate, including the United States, Europe and elsewhere, or new markets into which we may expand. For example, the political conditions in the United States, particularly with respect to its policies on international relations and trade, have a material effect on our business, as we derived approximately 24% of our revenues from the United States in 2025. See "— B. Risks Related to International Trade and Taxation — Tariffs and International Trade Policy — Escalation of tensions in international relations and the resulting changes in international trade policies may affect our product sales to the global markets and have an adverse impact on our business, financial condition and results of operations".

Some governments exercise significant control over the economic growth and public order in their respective jurisdictions through resource allocation and monetary policies. Governmental actions to control inflation, protect national security or local economy and other policies and regulations have often involved, amongst other measures, price controls, currency devaluations, capital controls, limits on imports and export control. Our ability to conduct and grow our business, and in turn our financial condition and results of operations in future periods, may be adversely affected by changes in government policies or regulations, such as exchange rates and exchange control policies, inflation rates, interest rates, tariff and inflation control policies, price control policies, import duties and restrictions, export control, tax policies, and other political, diplomatic, social and economic developments in or affecting the markets where we operate.

The economic growth in our various markets has been uneven, both geographically and amongst various sectors of the economy. Any adverse changes in economic conditions in those markets or neighbouring regions or in the policies of the governments could have a material adverse effect on the overall economic growth of those markets. Such developments could lead to reduction in demand for our products and services, and adversely affect our competitive position, which in turn may have a material adverse effect on our business, financial condition and results of operations. Some of the governments in the markets in which we operate or to which we may expand have implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall economy, but may have a negative effect on us. Some of these markets have historically experienced low growth in their GDP, significant inflation and/or shortages of foreign exchange. We are exposed to the risk of cost increases due to potential inflation in the markets in which we operate. In the past, governments in some of those markets have implemented interest rate adjustments, currency trading band adjustments, exchange rate controls and other measures to control the pace of economic growth. These measures, or the perception that any of them could occur, may cause decreased economic activity and consumer spending in the relevant markets, which may adversely affect our business, financial condition and results of operations.

Failure to comply with anti-corruption, anti-bribery, anti-money laundering, and similar laws may subject us to penalties and other adverse consequences.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations in the various jurisdictions in which we conduct activities, including the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the US Foreign Corrupt Practices Act of 1977 (the "**FCPA**") and other anti-corruption laws and regulations. A violation of these laws or regulations could subject us to regulatory or criminal investigations and penalties and adversely affect our business, reputation, financial condition and results of operations. We have direct or indirect interactions with officials and employees of government agencies and state-owned-or-affiliated entities in the ordinary course of business. These interactions subject us to an elevated level of compliance-related concerns. We have adopted and implemented certain policies and procedures designed to ensure compliance by us and our Directors, officers, employees, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations, such as the SHEIN Employee Code of Conduct and Anti-Corruption Guidelines and the SHEIN FCPA and Anti-Corruption Policy. However, our policies and procedures may not be sufficient and our Directors, officers, employees and business partners could engage in improper conduct for which we may be held responsible. As a result, we may be subject to regulatory or criminal investigations and penalties for the conduct of our Directors, officers, employees and business partners, which may materially and adversely affect our business, reputation, financial condition and results of operations.

J. RISKS RELATED TO OUR CLASS B SHARES AND THE [REDACTED]

There has been no* [REDACTED] *market for our Class B Shares prior to the* [REDACTED]*, and you may not be able to resell our Class B Shares at or above the price you paid, or at all.

Prior to the [**REDACTED**], there has been no [**REDACTED**] market for our Class B Shares. If an active trading market for our Class B Shares does not develop after the [**REDACTED**], the [**REDACTED**] and liquidity of our Class B Shares will be materially and adversely affected.

There can be no assurance that the market price of a Class B Share will be equal to or exceed the [**REDACTED**] after the [**REDACTED**]. We cannot assure you that an active trading market for our Class B Shares will develop or that the [**REDACTED**] of our Class B Shares will not decline below the [**REDACTED**].

The [**REDACTED**] of our Class B Shares can be volatile and fluctuate widely in response to a variety of factors, many of which are beyond our control, which could result in substantial losses to you.

In addition, the stock market in general, and the [**REDACTED**] for internet companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the [**REDACTED**] of our Class B Shares. Volatility or a lack of positive performance in the price of our Class B Shares may also adversely affect our ability to retain key employees with equity incentives.

Our dual class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B Shares may view as beneficial.

We have adopted a dual class share structure and expect to maintain such structure after the completion of the [**REDACTED**] such that our Shares will consist of Class A Shares and Class B Shares. In respect of matters requiring the votes of Shareholders, holders of Class B Shares are entitled to one vote per share, while holders of Class A Shares are entitled to ten votes per share based on our dual class share structure. Only Class B Shares will be [**REDACTED**] and/or sold in the [**REDACTED**]. Each Class A Share is convertible into one Class B Share at any time at the option of the holder thereof by written notice to the Company. A Class A Share automatically converts into a Class B Share on (i) the transfer or assignment of such Class A Share or (ii) the transfer or assignment of all voting securities or substantially all assets of a holder of such Class A Share, in each case, to an entity other than an affiliate of such holder of such Class A Share or another existing holder of Class A Shares.

Our Founders together beneficially own all of our issued Class A Shares. As a result of the dual class share structure and the concentration of ownership, holders of our Class A Shares have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. They may take actions that are not in the best interest of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of the Company and may reduce the price of our Class B Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of our Class B Shares may view as beneficial.

We cannot predict the effect the dual class share structure may have on the trading price of the Class B Shares or otherwise.

We cannot predict whether the Company's dual class share structure will result in a lower or more volatile [**REDACTED**] of the Class B Shares, in adverse publicity, or have other adverse consequences. The dual class share structure makes the Company ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices, may be unable to invest in the Class B Shares. It is unclear what effect, if any, that has on the valuations of publicly traded companies excluded from such indices (including the Company), but it is possible that it may depress valuations, as compared to similar companies that are included in such indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make the Class B Shares less attractive to other [**REDACTED**]. As a result, the [**REDACTED**] of the Class B Shares could be adversely affected.

We cannot assure you that we will declare and distribute any amount of dividends in the future, and the return on your* [REDACTED] *in our Class B Shares will likely depend on price appreciation of our Class B Shares.

During the Track Record Period, no dividends were paid or declared by us, and as at 31 March 2026, we did not have any distributable reserve. Therefore, you should not rely on an [**REDACTED**] in our Class B Shares as a source for any future dividend income.

We intend to adopt, before the [**REDACTED**], a dividend policy pursuant to which we target to declare and distribute dividends on an annual basis after the [**REDACTED**] in an amount not less than 50% of our net profit generated in a fiscal year after deducting any significant capital expenditures or as otherwise authorized by the Board. Our board of directors has absolute discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law and the Articles of Association. In addition, our Shareholders in general meeting may declare dividends, but no dividend may exceed the amount recommended by our Directors. See "Financial Information — Dividend Policy" for further information. Even after the adoption of the above dividend policy, the decision on whether to declare dividends and the exact amount of any such distributions in any year will be based upon our Company's operations and earnings, cash flow, financial condition, general business conditions and strategies, capital requirements, future business prospects, statutory and contractual restrictions applicable to the payment of dividends, and other factors that our Board may consider relevant, and will be subject to adjustment and determination by the Board and compliance with applicable laws and regulations. There can be no assurance that dividends of any amount will be declared or distributed in any given period, or that the dividend target described above will actually be achieved or maintained. Accordingly, the return on your [**REDACTED**] in our Class B Shares will likely depend upon any future price appreciation of our Class B Shares. There is no guarantee that our Class B Shares will appreciate in value following the [**REDACTED**] or even maintain the price at which you purchased the Class B Shares. You may not realise a return on your [**REDACTED**] in our Class B Shares and you may even lose your entire [**REDACTED**] in our Class B Shares.

In addition, we are a Cayman Islands holding company and our ability to pay dividends may depend upon dividends paid by our revenue-generating subsidiaries. If any of our subsidiaries incurs debt on its own behalf, the instruments governing such debt may restrict its ability to pay dividends to us. Our subsidiaries in certain jurisdictions may be subject to other restrictions when distributing dividends. For example, pursuant to the Singapore Companies Act, a Singapore company is only allowed to pay dividends out of profits in compliance with Section 403 of the Companies Act (which prohibits dividends from being paid out of profits applied towards the purchase of the company's own shares or gains derived by the company from the disposal of treasury shares) and in accordance with the company's constitution and the generally acceptable accounting principles in Singapore.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the* [REDACTED] *of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Class B Shares held by our existing shareholders may be sold in the [**REDACTED**] market subject to the applicable rules and lock-up periods. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the [**REDACTED**] of the [**REDACTED**]. To the extent shares are released before the expiration of the lock-up period and sold into the market, the [**REDACTED**] of our Class B Share could decline.

The governance of our corporate affairs is subject to our memorandum and articles of association, the Companies Act and common law of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum and Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us 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 English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions. See "Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law" for more details.

We will incur increased costs and become subject to additional rules and regulations as a result of being a* [REDACTED] *company.

As a result of the [**REDACTED**], we will become a [**REDACTED**] company and expect to incur significant accounting, legal and other expenses that we did not incur as a private company. We expect the rules and regulations applicable to [**REDACTED**] companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management will be required to devote substantial time and attention to our [**REDACTED**] company reporting obligations and other compliance matters. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a [**REDACTED**] company may place a strain on our management, operational and financial resources and systems for the foreseeable future.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about our business, or if they adversely change their recommendations regarding our Shares, the [**REDACTED**] ***for our Shares and*** [**REDACTED**] ***could decline.***

The [**REDACTED**] market for our Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavourable research about our business, the [**REDACTED**] for our Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] for our Shares to decline.