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This announcement is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to acquire, purchase or subscribe for securities.

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

*Nothing in this announcement constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any other place. Accordingly, the securities may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The securities may be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”), and in each case, in accordance with any other applicable law. This announcement is not for distribution, directly or indirectly, in or into the United States. There will be no public offering of securities in the United States.*

***Notice to Hong Kong investors:** The Issuer (as defined below) confirms that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, the Issuer confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

Yeahka 移卡

YEAHKA LIMITED

移卡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9923)

(the “Issuer”)

US\$70,000,000 6.25 PER CENT. CONVERTIBLE BONDS DUE 2027

(Stock Code: 5344)

(the “Bonds”)

PUBLICATION OF THE OFFERING CIRCULAR

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

Please refer to the offering circular dated July 4, 2022 (the “**Offering Circular**”) appended hereto in relation to the Bonds. As disclosed in the Offering Circular, the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

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

By order of the Board
YEAHKA LIMITED
Liu Yingqi
Chairman

Hong Kong, July 14, 2022

As of the date of this announcement, the Board comprises Mr. Liu Yingqi, Mr. Yao Zhijian and Mr. Luo Xiaohui as executive directors, Mr. Mathias Nicolaus Schilling and Mr. Akio Tanaka as non-executive directors, and Mr. Tam Bing Chung Benson, Mr. Yao Wei and Mr. Yang Tao as independent non-executive directors.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY OUTSIDE OF THE U.S.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE BONDS AND THE SHARES TO BE ISSUED UPON CONVERSION OF THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be addressees outside the United States (as defined in Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to the Issuer (as defined in this Offering Circular), J.P. Morgan Securities plc and Credit Suisse (Hong Kong) Limited (the “Joint Lead Managers”) that the electronic mail address that you gave the Issuer to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

Restrictions: This Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the attached Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer, the Joint Lead Managers, the Trustee (as defined in the Offering Circular), the Agents (as defined in the Offering Circular) or any of their respective affiliates, advisers, directors, officers, employees, representatives or agents or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

Singapore Securities and Futures Act 2001 of Singapore (the “SFA”) Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

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

Yeahka 移卡

YEAHKA LIMITED

移卡有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9923)

U.S.\$70,000,000 6.25 per cent. Convertible Bonds Due 2027 convertible into ordinary shares of YEAHKA LIMITED

Issue Price: 100.00 per cent.

The 6.25 per cent. Convertible Bonds due 2027 in the aggregate principal amount of U.S.\$70,000,000 (the “**Bonds**”) will be issued by YEAHKA LIMITED 移卡有限公司 (the “**Issuer**” or the “**Company**”) on July 13, 2022 (the “**Issue Date**”). The issue price will be 100.00 per cent. of the aggregate principal amount of the Bonds.

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.25 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear on the Interest Payment Dates (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions**” or “**Conditions**”)) falling on January 13 and July 13 in each year, beginning on January 13, 2023.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Subject as provided in the Terms and Conditions, each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after August 23, 2022 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to July 13, 2027 (the “**Maturity Date**”) into fully paid ordinary shares with a nominal value of US\$0.000025 each of the Issuer (the “**Shares**”) at an initial conversion price of HK\$23.32 per Share. The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds — Conversion — Conversion Right*”. The Closing Price (as defined in the Terms and Conditions) of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**” or “**SEHK**”) on July 4, 2022 was HK\$22.40 per Share.

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date. On giving not less than 30 nor more than 60 days’ notice, the Issuer may redeem all but not some only of the Bonds on the Optional Redemption Date (as defined in the Terms and Conditions) at their principal amount together with interest accrued but unpaid up to but excluding such date (if any), (i) at any time after August 13, 2025, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate (as defined in the Terms and Conditions)), for 20 out of 30 consecutive Trading Days (as defined in the Terms and Conditions), the last of which occurs not more than 5 Trading Days prior to the date of the Optional Redemption Notice (as defined in the Terms and Conditions), was at least 150% of the Conversion Price (as defined in the Terms and Conditions) (translated into U.S. dollars at the Fixed Exchange Rate); or (ii) at any time if, prior to the date the relevant Optional Redemption Notice (as defined in the Terms and Conditions) is given, Conversion Right (as defined in the Terms and Conditions) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further Bonds issued pursuant to Condition 17 (*Further Issues*) of the Terms and Conditions). All but not some only of the Bonds may also be redeemed, at the option of the Issuer, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”), on the date specified in the Tax Redemption Notice for such redemption (the “**Tax Redemption Date**”) at its principal amount together with interest accrued but unpaid up to but excluding such date (if any) in the event of certain changes in, or amendment to, the laws or regulations of the PRC or the Cayman Islands, as further described in the Terms and Conditions, subject to the non-redemption option of each holder after the exercise by the Issuer of its tax redemption option as described in the Terms and Conditions. The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of the Bonds of such holder on July 13, 2024 and July 13, 2025, respectively, (each, an “**Optional Put Date**”) at its principal amount together with any interest accrued but unpaid up to but excluding such relevant Optional Put Date (if any). The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds at their principal amount together with interest accrued but unpaid up to but excluding such date (if any) following the occurrence of a Relevant Event (as defined in the Terms and Conditions). See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*”.

Investing in the Bonds and the Shares involves certain risks. Investors should be aware that there are risks relating to the exercise of Conversion Right of the Bonds, and there are various other risks relating to the Bonds, the Issuer or the Group (as defined in the Conditions), their business and their jurisdiction of operations which investors should familiarise themselves with before making an investment in the Bonds and the Shares. See “*Risk Factors*” in this Offering Circular for a discussion of certain factors to be considered in connection with the investment in the Bonds and the Shares.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Notice**”) promulgated by the National Development and Reform Commission (the “**NDRC**”) of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated May 27, 2022, evidencing such registration. Pursuant to the registration certificate, the issuer will be required to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days (as defined in the Conditions) after the Issue Date.

Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

The distribution of this Offering Circular should be limited to Professional Investors only. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The expected date of listing of the Bonds on the Hong Kong Stock Exchange is on or around July 14, 2022.

The Bonds will be issued in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or other securities laws and, subject to certain exemptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” as defined in the Listing Rules (“**Connected Persons**”) of the Issuer. Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer, J.P. Morgan Securities plc and Credit Suisse (Hong Kong) Limited (the “**Joint Lead Managers**”) that it is not a Connected Person of the Issuer, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer. Each prospective investor will be deemed to have agreed with the Issuer and the Joint Lead Managers that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “**SFC**”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan

CREDIT SUISSE 

The date of this Offering Circular is July 4, 2022.

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This Offering Circular does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as at any time after that date.

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds (the “Offering”) described herein. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice. This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer confirms that: (i) this Offering Circular contains all information with respect to the Issuer and the Group and to the Shares and the Bonds, which is material in the context of the issue and offering of the Bonds (including any information (if any) which is required by applicable laws of the Cayman Islands, if any, and according to the particular nature of the Issuer, the Shares and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Shares and the Bonds); (ii) all statements contained in this Offering Circular relating to the Issuer and the Group are in every material particular true, accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Shares or the Bonds the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect, (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in the Offering Circular; and (vi) the Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they will be made, not misleading. Where information contained in this Offering Circular includes extracts from, or summaries of, information and data from various published and private sources, such statistical, industry and market-related data included in this Offering Circular is based on or derived from sources which the Issuer believes are accurate and reliable in all material aspects. We accept responsibility accordingly.

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

This Offering Circular does not constitute an offer or an invitation by or on behalf of the Joint Lead Managers or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by

law in such jurisdictions where such an offer and sales is not permitted. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Switzerland, Hong Kong, Singapore, Japan, the PRC, the European Economic Area (“**EEA**”) and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

We have prepared this Offering Circular, and we are solely responsible for its contents. Each person receiving this Offering Circular acknowledges that (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Joint Lead Managers, The Bank of New York Mellon, London Branch as trustee (the “**Trustee**”), The Bank of New York Mellon, London Branch as principal paying agent and principal conversion agent (the “**Principal Agent**”) and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”) and transfer agent (the “**Transfer Agent**” and together with the Principal Agent and the Registrar, the “**Agents**”) or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and its subsidiaries and the Group and the merits and risks involved in investing in the Bonds.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them has separately verified the information contained in this Offering Circular. Accordingly, no representation or warranties, express or implied, are made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them as to the accuracy or completeness of the information set forth herein or any other information supplied in connection with the Bonds or Shares, and nothing contained in this Offering Circular is, or should be relied upon as, a promise or representation, whether as to the past or the future. To the fullest extent permitted by law, the Joint Lead Managers, the Trustee, the Agents and each of their respective directors, officers, employees, agents, advisers, representatives or affiliates and each person who controls any of them do not accept any responsibility for the contents of this Offering Circular or for any statement made or purported to be made by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them, or on their behalf, in connection with the Issuer, the Group or the issue and offering of the Bonds. Each of the

Joint Lead Managers, the Trustee, the Agents and each of their respective directors, officers, employees, agents, advisers, representatives and affiliates and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them accepts any responsibility for the contents of this Offering Circular. The Joint Lead Managers, the Trustee and the Agents and their respective directors, officers, employees, agents, advisers, representatives and affiliates and any person who controls any of them accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them undertakes to review the Issuer's or the Group's business, financial condition, results of operations, prospects or affairs for so long as any Bond remains outstanding or to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them.

No person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Bonds (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of our company and the terms of the offering of the Bonds) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Bonds are not intended to be initially placed and may not be initially placed to any Connected Person of the Issuer. Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer and the Joint Lead Managers that it is not a Connected Person of the Issuer, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer. Each prospective investor will be deemed to have agreed with the Issuer and the Joint Lead Managers that it may, to the extent required by the Listing Rules, the Hong Kong Stock Exchange and/or the SFC, disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Bonds (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both of their agent and their underlying client.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS —

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

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS

— The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act 2001 of Singapore (the “SFA”) Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

We are not, and the Joint Lead Managers are not, making an offer to sell the Bonds in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of these securities may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*” in this Offering Circular.

This Offering Circular summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this Offering Circular. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We, the Joint Lead Managers, the Trustee, the Agents and each of our and their respective directors, officers, employees, agents, advisers, representatives or affiliates and each person who controls us or any of them are not making any representation to you regarding the legality of an investment in the Bonds by you under any legal, investment or similar laws or regulations. You should not consider any information in this Offering Circular to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding an investment in the Bonds.

We reserve the right to withdraw the offering of the Bonds at any time, and the Joint Lead Managers reserves the right to reject any commitment to subscribe for or purchase of the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. The Joint Lead Managers and certain related entities may acquire for their own account a portion of the Bonds.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATIONS

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. The term the “**Issuer**” refers to YEAHKA LIMITED 移卡有限公司. When we use the terms “**we**”, “**us**”, “**our**”, the “**Company**”, the “**Group**” and words of similar import, we are referring to the Issuer and its consolidated subsidiaries and affiliates taken as a whole, as the context requires.

Additionally, the following definitions apply throughout this document unless the context requires otherwise:

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Analysys”	an Internet big data analysis service provider owned by Beijing Yiguanzhiku Network Technology Co., Ltd. (北京易觀智庫網路科技有限公司)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“B2B2C”	business to business to consumer, an e-commerce model that combines business to business (B2B) and business to consumer (B2C) for a complete product or service transaction
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this Offering Circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly
“Contractual Arrangements”	a series of contractual arrangements entered into on October 29, 2019 by, among others, Yeahka WFOE, the PRC Consolidated Entities and their respective shareholders
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Issuer

“Douyin”	a short-form video hosting platform owned by Beijing Douyin Information Service Co., Ltd. (北京抖音信息服務有限公司)
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which came into effect on January 1, 2008, as amended or supplemented or otherwise modified from time to time
“Guangzhou Feiquan”	Guangzhou Feiquan Micro Lending Co., Ltd. (廣州飛泉小額貸款有限公司), a limited company established in the PRC on July 30, 2019, a wholly-owned subsidiary of Shenzhen Yeahka, the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements, and one of the PRC Consolidated Entities
“iResearch”	a big data analysis service provider owned by Shanghai Airui Market Consult Co., Ltd. (上海艾瑞市場諮詢股份有限公司)
“HK\$”, “Hong Kong dollars” or “H.K. dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
“Leshua Technology”	Leshua Technology Co., Ltd. (樂刷科技有限公司), a limited liability company established under the laws of the PRC on July 31, 2013, a wholly-owned subsidiary of Shenzhen Yeahka, the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements, and one of the PRC Consolidated Entities
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time

“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Consolidated Entities”	Shenzhen Yeahka, Leshua Technology, and Guangzhou Feiquan, the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	State Administration of Market Regulation (國家市場監督管理總局), formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) (“SAIC”)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.000025 each
“Shareholder(s)”	holder(s) of Shares
“Shenzhen Yeahka”	Shenzhen Yeahka Technology Co., Ltd. (深圳市移卡科技有限公司), a limited company established in the PRC on June 16, 2011, the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements, and one of the PRC Consolidated Entities

“Tencent”	Tencent Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 700) and/or its subsidiaries, as the case may be
“US\$”, “U.S.\$” or “U.S. dollars”	United State dollars, the lawful currency of the United States
“Yeahka HK”	Yeahka Technology Limited, a limited company incorporated under the laws of Hong Kong on October 7, 2011 and a wholly-owned subsidiary of our Company
“Yeahka WFOE”	Yeahka Technology (Shenzhen) Co., Ltd. (宜卡科技(深圳)有限公司), a limited company established under the laws of the PRC on May 17, 2012 and an indirect wholly-owned subsidiary of our Company

Market data and industry forecasts in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us, the Joint Lead Managers, the Trustee, the Agents or our or their directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of us or them, and neither we, the Joint Lead Managers, the Trustee, the Agents nor our or their directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of us or them, make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data and industry forecasts.

Our financial statements are prepared in accordance with the IFRS which differ in certain respects from generally accepted accounting principles in certain other countries.

Unless the context otherwise requires, references to “**2019**”, “**2020**” and “**2021**” in this Offering Circular are to our financial years ended December 31, 2019, 2020 and 2021, respectively.

We record and publish our financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.3726 to U.S.\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 30, 2021, and all translations from H.K. dollars into U.S. dollars were

made at the rate of HK\$7.7996 to U.S.\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 30, 2021. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to such rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese names prevail.

GLOSSARY

This glossary contains definitions of certain terms used in this Offering Circular in connection with us and our business. Some of these may not correspond to standard industry definitions.

“active payment service customer(s)”	merchants who used our payment services for an aggregated transaction amount of over RMB1,000 for the past 12 months
“app(s)”	mobile application(s) and software(s) designed to run on smartphone and other mobile devices
“AI” or “artificial intelligence”	intelligence exhibited by machines in the area of computer science that emphasizes the creation of intelligent machines that work and react like humans or other natural intelligence
“Belt and Road”	an initiative of the PRC government, which aims to connect China with the world and promote trade relationships with its neighbouring countries
“big data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more informed business decisions
“CAGR”	compound annual growth rate
“COVID-19”	coronavirus disease 2019, a respiratory illness
“CPA”	cost per acquisition, a pricing model where advertising is paid on the basis of number of customer acquired
“CPC”	cost per click, a pricing model where advertising is paid on the basis of performance of certain action
“CPI”	cost per impression, a pricing model where advertising is paid on the basis of a certain number of impressions
“CPM”	cost per mille, a pricing model where advertising is paid on the basis of thousand impressions

“CPS”	cost per sale, a pricing model where advertising is paid on the basis of the amount of actual sales
“CPT”	cost per time, a pricing model where advertising is paid on the basis of a set period of time
“customer acquisition cost”	calculated as selling expenses during the relevant year divided by the number of new activated customer during the same year
“ESG”	environmental, social and governance
“fintech”	the new technology and innovation that aims to compete with traditional financial methods in the delivery of financial services
“GMV”	gross merchandise value
“GPV”	gross payment volume
“industry vertical”	industries in which vendors offer goods and services to groups of customers with specific needs
“IT”	information technology
“Mobile QuickPass”	the UnionPay mobile application (雲閃付), a unified mobile payment portal of China’s banking industry launched by China UnionPay, which offers one-stop mobile payment services to its users
“NetsUnion”	China Nets Union Clearing Corporation (中國網聯清算有限公司)
“payment gateway”	interface that facilitates payment transactions by the transfer of information between a payment portal, such as a website or a mobile device, and the bank’s payment authorization system, through which payment transactions are processed
“Payment License”	payment business license issued by the PBOC (支付業務許可證)
“QR code”	quick response code, a type of barcode that is machine readable

“SaaS” or “software as a service”	a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“server”	a computer system that provides services to other computing systems over a computer network
“small and medium merchants”	the group of merchants whose annual payment volume is typically less than RMB3 million
“UnionPay”	China UnionPay (中國銀聯股份有限公司), the only bank card clearing house and bank card association in China, who operates an inter-bank transaction settlement system through which the connection and switch between banking systems and the interbank, cross-region usages of bank cards issued by associate banks may be realized

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include, the words “**believe**”, “**expect**”, “**aim**”, “**intend**”, “**will**”, “**may**”, “**anticipate**”, “**seek**”, “**should**”, “**could**”, “**would**”, “**plan**”, “**potential**”, “**continue**”, “**estimate**” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantees of future performance and some of which may not materialize or may change. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our operations and business prospects and our ability to develop and manage our operations and business;
- our business and operating strategies and our ability to implement such strategies;
- our ability to attract and retain our customers;
- general economic, political and business conditions in the markets in which we operate;
- our ability to attract and retain qualified employees and key personnel;
- our capital expenditure programs and future capital requirements;
- our ability to control costs;
- our dividend policy;
- capital market development;
- the actions and developments of our competitors; and

- all other risks and uncertainties described in “*Risk Factors*” in this Offering Circular.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this Offering Circular. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offering Circular might not occur in the way we expect, or at all.

PRESENTATION AND INCORPORATION OF FINANCIAL INFORMATION

The Issuer's consolidated financial information as at and for the years ended December 31, 2019, 2020 and 2021 have been extracted from the consolidated financial statements of the Issuer for the years ended December 31, 2020 and 2021 (as disclosed in the Issuer's annual reports for the years ended December 31, 2020 and 2021), which have been audited by PricewaterhouseCoopers ("PwC"), the independent auditors of the Issuer in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (the "IAASB") and incorporated by reference in this Offering Circular. The Issuer prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the IAASB. See "*Summary Financial Information*" for details.

Copies of the Issuer's 2020 and 2021 consolidated financial statements in the annual reports can be downloaded from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the website of the Issuer at <https://www.yeahka.com/> (the other contents of these websites do not form part of this Offering Circular).

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column. Potential investors should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

CAYMAN ISLANDS DATA PROTECTION

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the “**DPA**”) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Bonds and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Bonds, the holders of the Bonds (the “**Bondholders**”) shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Bonds.

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

PRIVACY NOTICE

Introduction

The purpose of this notice is to provide Bondholders with information on the Issuer’s use of their personal data in accordance with the Data Protection Act (As Revised) of the Cayman Islands (the “**DPA**”).

In the following discussion, “Issuer” refers to the Issuer and its or their affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Issuer and a Bondholder’s associated interactions with the Issuer (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Bondholder otherwise providing the Issuer with personal information on individuals connected with the Bondholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Bondholder will provide the

Issuer with certain personal information which constitutes personal data within the meaning of the DPA (“**Investor Data**”). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Bondholder and/or any individuals connected with a Bondholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Bondholder’s investment activity.

In the Issuer’s use of Investor Data, the Issuer will be characterised as a “data controller” for the purposes of the DPA. The Issuer’s affiliates and delegates may act as “data processors” for the purposes of the DPA.

Who this Affects

If a Bondholder is a natural person, this will affect such Bondholder directly. If a Bondholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such Bondholder for any reason in relation to such Bondholder’s investment with the Issuer, this will be relevant for those individuals and such Bondholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Issuer May Use a Bondholder’s Personal Data

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

- (i) where this is necessary for the performance of the Issuer’s rights and obligations under any subscription agreements or purchase agreements;
- (ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
- (iii) where this is necessary for the purposes of the Issuer’s legitimate interests and such interests are not overridden by the Bondholder’s interests, fundamental rights or freedoms.

Should the Issuer wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Bondholder’s consent), the Issuer will contact the applicable Bondholders.

Why the Issuer May Transfer a Bondholder's Personal Data

In certain circumstances the Issuer and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Bondholder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Data Protection Measures the Issuer Takes

Any transfer of Investor Data by the Issuer or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Issuer and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Issuer shall notify a Bondholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Bondholder or those data subjects to whom the relevant Investor Data relates.

SUMMARY

The summary below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As a summary, it does not contain all the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should read the Offering Circular in its entirety, including “*Risk Factors*”, before making an investment decision.

OVERVIEW

Our Mission

Our mission is to continuously create value for merchants and consumers.

Who We Are

We are a leading payment-based technology platform in China, providing payment, merchant and local lifestyle solutions to merchants and consumers. As of December 31, 2021, we were one of the only 20 payment service providers that were granted both the national bank card acquiring license and mobile phone payment license. We have one of the largest third-party payment service customer bases in China, and it is growing rapidly. According to the Thematic Analysis on Industrial Payment in China in 2021 (《中國產業支付專題分析2021》) published by Analysys, we ranked first among non-bank independent QR code payment service providers in China, in terms of comprehensive capabilities, including transaction volume and the number of merchants served.

Payment is at the heart of commerce and the foundation of our technology. Every payment creates an opportunity for us to better understand our customers, and provide them with continuously improving products, services, and technologies. We acquire customers via the provision of payment services and offer them with merchant solutions and in-store e-commerce services. Our value proposition is an independent and scalable commercial digitalized ecosystem that enables seamless, convenient, and reliable payment transactions between merchants and consumers, complemented with a rich variety of value-added services. Our platform provides merchants with one-stop access to a wide variety of payment methods and channels, allowing consumers to pay with their preferred methods and channels, thus enhancing the transaction experience. Currently, our QR code payment services support payments from over 500 issuer’s mobile apps, including WeChat Pay, Alipay or Mobile QuickPass, covering most of the e-wallets in China. Leveraging our vast customer base and data assets accumulated from payment services, we provide merchant solutions including SaaS digital solutions, precision marketing services, and fintech services to help merchants better manage and drive business growth. In addition, we also introduced in-store e-commerce services in December 2020, providing consumers with a wide array of local lifestyle products and services.

Our Market Opportunities

We are well-positioned to capture the massive opportunities from the third-party payment market. According to iResearch, in 2021, transaction volume of the third-party mobile payment market is estimated to reach RMB288 trillion, and is expected to further grow at a CAGR of 12.9% from 2020 to 2025. Further, the penetration rate of integrated payment in 2021 is estimated to be only 29.6%, indicating significant room for future growth. Our foothold in the payment market also enables us to access broader markets, including the market of integrated payment-based digital services for SMEs, and the local lifestyle services market. According to iResearch, the size of the market of integrated payment-based digital services for SMEs is estimated to reach RMB75.4 billion in 2021, and is expected to grow at a CAGR of 31.4% from 2020 to 2025. Among others, in 2020, the penetration rate of self-operated takeaway mini-programs was merely 0.8%. In addition, the size of local lifestyle services market is estimated to reach RMB24 trillion in 2021 and is expected to grow at a CAGR of 12.6% from 2020 to 2025, according to iResearch. The online penetration rate of local lifestyle services is expected to grow to 30.8% in 2025.

Our Ecosystem

One-stop payment services is the entry point for merchant and consumer traffic, which is the basis for building our commercial digitalized ecosystem, providing an important pivotal point for our merchant solutions and in-store e-commerce businesses.

Starting from payment, we accumulate three key resources to support our platform proposition, namely, (i) our long and stable business relationships with customers, (ii) the critical assets we capture through payment services, consisting of vast customer base, massive data assets accumulated, deep understanding of customers' behaviors, and customers' adoption of our intelligent payment devices, and (iii) the continuously enhanced technology capabilities we accumulated from the provision of payment services foster the development of our innovative service offerings. We consider payment as the fulcrum to leverage these key resources and tap into the broader markets.

We are a pioneer among independent third-party payment service providers in offering value-added services to customers. Our merchant solutions cater to merchant customers' needs for digital solutions in operations, while also enabling them to enhance consumers' shopping experience. Having self-developed or co-developed most of our merchant solutions has allowed us more control over the cohesiveness of our services, and to better target at specific business and operation needs outside the payment realm. Owing to the cohesiveness among our services, most of our merchant solution customers were converted from payment service customers. As of December 31, 2021, we had converted 18% of our payment service customers into merchant solution customers, indicating significant runway for future growth. The cohesiveness of our payment and merchant solutions also increases merchant customers' stickiness to our ecosystem.

As a result, the number of our merchant solution customers grew from 0.4 million in 2019 to 0.9 million in 2020, and further to 1.4 million in 2021. In 2019, 2020 and 2021, we generated 7.8%, 20.2% and 21.0% of our revenue, and 18.1%, 35.0% and 46.9% of our gross profit from our merchant solutions, respectively.

In December 2020, we introduced in-store e-commerce services to further enhance the nexus between merchants and consumers in our ecosystem. We enrich consumers' shopping experience and bring them a wide array of lifestyle products and services on one hand, and drive merchants' business growth by generating consumer traffic and enhancing their brands on the other. In-store e-commerce services have developed rapidly since its introduction, with the number of paying consumers reaching 5.2 million in 2021, and the number of registered key opinion leaders reaching 3.7 million as of December 31, 2021. In-store e-commerce services contributed to 4.8% of our revenue and 6.5% of our gross profit in 2021, respectively.

Leveraging our rapidly expanding payment service customer base, we cross-sell our merchant solutions and in-store e-commerce services at minimal incremental costs. A growing number of our payment service customers and consumers also become customers of our merchant solutions and in-store e-commerce services. For the year ended December 31, 2021, we recorded gross payment value, or GPV of RMB2,124.2 billion, growing 45.5% from the same period in 2020. In 2021, our active payment service customers amounted to 7.3 million, increasing from 5.5 million in 2020. Based on the unique user identification recorded in our system, each representing a consumer account that has made payments via our platform (multiple transactions made by a single account will only be counted as one consumer), in 2021, we served 945 million consumers via our payment services, growing from 645 million in 2020.

Our Business Model

Our principal business lines include:

- One-stop payment services, which consist of (i) app-based payment services where we enable our customers to accept payments using our mobile apps, or when consumers pay our merchant customers through third-party e-wallets, and (ii) traditional payment services, where we enable customers to accept non-cash payments that do not belong to app-based payments, including accepting card payments with traditional payment terminals; and
- Merchant solutions, which consist of a rich variety of value-added services, including (i) SaaS digital solutions, which help customers improve their operational efficiency, (ii) precision marketing services, which is provided primarily via a payment-based advertising platform, allowing customers to effectively reach their target markets, and (iii) fintech services, which cater to our customers' financial needs.

- In-store e-commerce services, where we enable merchants to provide consumers with interactive and immersive shopping experience, and access to a wide array of featured lifestyle products and services of great value.

We have experienced significant growth. Our revenue increased from RMB2,258.0 million in 2019 to RMB3,058.6 million in 2021, representing a CAGR of 16.4%. Our GPV increased from RMB1,500.3 billion in 2019 to RMB2,124.2 billion in 2021, with a CAGR of 19.0%.

OUR COMPETITIVE STRENGTHS

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

- a leading payment-based technology platform for merchants and consumers;
- a unique and scalable commercial digitalized ecosystem;
- rapidly growing customer base with high margin profile through services beyond payment;
- resilient business model supported by nationwide coverage;
- leading technological and risk management capabilities; and
- visionary and seasoned management, with proven track record and strong shareholder support.

OUR STRATEGIES

We will pursue the following strategies to further expand our business:

- continue to scale up our ecosystem and enrich our product and service matrix;
- strategically expand into East Asia and Southeast Asia;
- continue to invest in research and development and enhance efficiency; and
- continue to promote ESG development.

RECENT DEVELOPMENT

In the first quarter of 2022, while there was a regional resurgence of COVID-19 in China, we had continued to scale up and monetize our commercial digitalized ecosystem, and had experienced strong growth. The regional resurgence of COVID-19 in China had relatively limited impact on our business, primarily as a result of payment services being daily necessities, and our broad geographical coverage of 324 cities in China, with each of Shanghai and Beijing accounted for less than 3% of our GPV in 2021. Accordingly, in the first quarter of 2022, the GPV of our payment services reached RMB544.6 billion, representing a year-on-year growth of 18.2%, and the number of active payment service customers amounted to 7.5 million. During the same period, the GMV and the number of paying consumers of our in-store e-commerce services reached RMB560 million and 4.7 million, respectively.

THE OFFERING

The following is a general summary of the terms of the offering of the Bonds. This summary is partly derived from and should be read in conjunction with, the full text of the Terms and Conditions (see “Terms and Conditions of the Bonds”), the Trust Deed and the Agency Agreement relating to the Bonds. The Terms and Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Defined terms used in this summary that are not defined herein shall have the meanings accorded to them in the Terms and Conditions.

Issuer	YEAHKA LIMITED 移卡有限公司
Issue	U.S.\$70,000,000 6.25 per cent. Convertible Bonds due 2027 convertible at the option of the holder thereof into fully paid shares of the Issuer.
Shares	Ordinary shares of nominal value of U.S.\$0.000025 each in the share capital of the Issuer.
Issue Price	100.00 per cent. of the principal amount of the Bonds.
Form and Denomination of the Bonds	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including July 13, 2022 at the rate of 6.25 per cent. per annum, payable semi-annually in equal instalments of U.S.\$31.25 per Calculation Amount (as defined in the Terms and Conditions) on January 13 and July 13 in each year, beginning on January 13, 2023. See “ <i>Terms and Conditions of the Bonds — Default Interest</i> ”.
Issue Date	July 13, 2022.
Maturity Date	July 13, 2027.

Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, permit to subsist or arise, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a “**Charge**”) (other than a security interest arising by operation of law) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto: (a) the same Charge as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably; or (b) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. See “*Terms and Conditions of the Bonds — Covenants — Negative Pledge*”.

Status of the Bonds

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. See “*Terms and Conditions of the Bonds — Status*”.

Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or the Cayman Islands or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

If the Issuer is required to make a deduction or withholding (i) by or within the PRC in excess of the aggregate rate applicable on July 4, 2022 or (ii) by or within the Cayman Islands, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except in circumstances specified in Condition 9 (*Taxation*) of the Terms and Conditions. See “*Terms and Conditions of the Bonds — Taxation*”.

Conversion Right and Period

Subject as provided in the Terms and Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 6(A)(iv) (*Conversion Right*) of the Terms and Conditions) credited as fully paid at any time during the Conversion Period (as defined below) referred to below (the “**Conversion Right**”).

Subject to and upon compliance with the Terms and Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions) on or after August 23, 2022 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(iii) (*Conversion Right*) of the Terms and Conditions, in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (being 3:00 p.m.) (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) (*Redemption for Relevant Event*) or Condition 8(E) (*Redemption at the option of the Bondholders*) of the Terms and Conditions then up to the close of business (being 3:00 p.m.) (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”). See “*Terms and Conditions of the Bonds — Conversion — Conversion Right*”.

Conversion Price

The price at which Shares will be issued upon exercise of a Conversion Right will initially be HK\$23.32 per Share, but will be subject to adjustments for, among other things, consolidation, reclassification or subdivision, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than 95% of the Current Market Price, rights issues of other securities, issues at less than 95% of the Current Market Price, other issues at less than 95% of the Current Market Price, modification of rights of conversion at less than 95% of the Current Market Price, other offers to shareholders and certain other dilutive events and occurrence of a Relevant Event. See “*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*” and “*Terms and Conditions of the Bonds — Conversion — Adjustment upon Relevant Event*”.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date. See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Maturity*”.

Redemption for Taxation Reasons

The Issuer may redeem all but not some only of the Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption at its principal amount together with interest accrued but unpaid up to but excluding such date (if any), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (a) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or the Cayman Islands, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after July 4, 2022, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that his Bond(s) shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date of redemption shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons*”.

**Redemption at the Option
of the Issuer**

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*) of the Terms and Conditions, the Issuer may redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount together with any interest accrued but unpaid up to but excluding the Optional Redemption Date (if any): (i) at any time after August 13, 2025, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate), for 20 out of 30 consecutive Trading Days, the last of which occurs not more than 5 Trading Days prior to the date of the Optional Redemption Notice, was at least 150% of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate) then in effect; or (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 17 (Further Issues) of the Terms and Conditions). See "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer*".

Redemption for Relevant Event

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their principal amount together with interest accrued but unpaid up to but excluding such date (if any).

A “**Relevant Event**” occurs:

- (a) when the Shares cease to be listed or admitted to trading or are suspended from trading on the Main Board of the Hong Kong Stock Exchange for a period equal to or exceeding 30 consecutive Trading Days; or
- (b) when there is a Change of Control; or
- (c) when there is a Free Float Event; or
- (d) when (i) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “**Change in Law**”) that results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Issuer’s consolidated financial statements for the most recent fiscal half year and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the Issuer’s consolidated financial statements for the most recent fiscal half year and (ii) the Issuer has not furnished to the Trustee, prior to the date that is two months after the date of the Change in Law, an opinion from an independent financial adviser or external legal counsel stating either (1) that the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in the Issuer’s consolidated financial statements for the most recent fiscal half year (including after giving effect to any corporate restructuring or reorganization plan of the Issuer) or (2) that such Change in Law would not materially adversely affect the Issuer’s ability to make principal, premium (if any) and interest payments (if any) on the Bonds when due or to convert the Bonds in accordance with these Conditions.

“**Control**” means (a) the right to appoint and/or remove all or the majority of the members of the relevant entity’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise; or (b) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the relevant entity.

A “**Change of Control**” occurs when:

- (a) any Person or Persons other than the Permitted Holders (or Persons who are Controlled by the Permitted Holders) acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date;
- (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in such other Person or Persons, other than the Permitted Holders, acquiring Control over the Issuer or the successor entity; or
- (c) the Permitted Holders together cease (directly or indirectly) to own at least 25.0 per cent. of the Issuer.

“**Permitted Holders**” means the aggregate shareholding of Mr Liu Yingqi:

- (a) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr Liu Yingqi; and
- (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are Mr Liu Yingqi and/or such other Persons referred to in paragraph (a) above.

See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Relevant Event*”.

Redemption at the option of the Bondholders

The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on July 13, 2024 and July 13, 2025, respectively, (each, an "**Optional Put Date**") at their principal amount together with any interest accrued but unpaid up to but excluding such relevant Optional Put Date (if any).

See "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the option of the Bondholders*".

Issuer and Shareholder Lock-up

The Issuer has agreed in the Subscription Agreement that neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive) (the "**Lock-up Period**"); except for the Bonds and the new Shares issued on conversion of the Bonds, and any options or Share granted under the share option scheme adopted by the Issuer on October 13, 2020 and/or the restricted share unit scheme approved and adopted by the board of the Issuer on August 1, 2019.

Creative Brocade International Limited will execute a lock-up undertaking on or before the Issue Date, in respect of 165,710,764 Shares (the “**Lock-up Shares**”) representing approximately 36.67 per cent. of the existing issued share capital of the Issuer, undertaking that for a period of 90 days after the Issue Date, without the prior written consent of the Joint Lead Managers, except for the Lock-up Shares which are subject to share pledge(s) created prior to the date of the lock-up undertaking, it will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

Cross Default

The Bonds may be accelerated in the event of, inter alia, a default relating to the Issuer or any of its Principal Subsidiaries (as defined in the Terms and Conditions) in respect of indebtedness which equals or exceeds U.S.\$20,000,000 or its equivalent in any other currency. For a description of certain other events that will permit acceleration of repayment of the principal amount of the Bonds, see “*Terms and Conditions of the Bonds — Events of Default — Cross-Default*”.

Events of Default

Upon the occurrence of certain events as described in Condition 10 (*Events of Default*) of the Terms and Conditions, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), or if so directed by an Extraordinary Resolution, shall (subject in either case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that the Bonds are, and they shall immediately become due and repayable at their principal amount together with any accrued and unpaid interest (if any), to but excluding the date of payment (subject as provided in Condition 10 (*Events of Default*) of the Terms and Conditions and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6 (*Conversion*) of the Terms and Conditions). See “*Terms and Conditions of the Bonds — Events of Default*”.

Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in the Terms and Conditions in relation to the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. See “*Terms and Conditions of the Bonds — Further Issues*”.

Clearing

The Bonds will be cleared through Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders.

Governing Law

The Bonds and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.

Legal Entity Identifier

2549007U7YP15ZP1KO72.

ISIN	XS2497299227.
Common Code	249729922.
Listing and Trading of the Bonds	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds to Professional Investors only and listing of, and dealing in, the Bonds is expected to commence on July 14, 2022.
Listing of Shares	The Shares are listed on the Hong Kong Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the Shares issuable upon conversion of the Bonds (the “ New Shares ”).
Trustee	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon, SA/NV, Dublin Branch.
Principal Agent	The Bank of New York Mellon, London Branch.
Rating of the Bonds	The Bonds are not, and are not expected to be, rated by any rating agency.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, EEA, the United Kingdom, Switzerland, Hong Kong, Singapore, Japan, the PRC and the Cayman Islands. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “ <i>Subscription and Sale</i> ”.

Global Certificate

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream and/or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

Use of Proceeds

See “*Use of Proceeds*”.

Risk Factors

For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “Risk Factors”.

Securities lending agreement

In connection with the proposed issue of the Bonds, J.P. Morgan Securities plc as borrower (the “**Borrower**”) has entered into a securities lending agreement with Yeah Talent Holding Limited as a shareholder of the Issuer (the “**Lender**”), dated June 30, 2022 (the “**Securities Lending Agreement**”) to allow the Lender to provide securities lending to the Borrower of up to 23,550,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreement.

Concurrent Equity Offering

Concurrent with the Offering, the Managers may facilitate sales of existing Shares notionally underlying the Bonds by buyers of the Bonds who wish to sell such Shares in short sales to purchasers procured by the Managers in order to hedge the market risk to which buyers of the Bonds are exposed with respect to the Bonds that they acquire in the Offering (the “**Concurrent Equity Offering**”).

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information of the Issuer as at and for the years indicated.

The Issuer's consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021 have been extracted from the consolidated financial statements of the Issuer for the years ended 31 December 2020 and 2021 (as disclosed in the Issuer's 2020 and 2021 annual reports), which have been audited by PwC, the independent auditors of the Issuer in accordance with ISA issued by the IAASB and incorporated by reference in this Offering Circular. The Issuer prepares its consolidated financial statements in accordance with IFRS issued by the IAASB.

The information set out below should be read in conjunction with, and reference to, the relevant consolidated financial statements of the Issuer, including the notes thereto, which are incorporated by reference in this Offering Circular. Potential investors should exercise caution when using such information to evaluate the Issuer's financial condition and results of operations. In addition, the Issuer's historical financial information should not be taken as an indication of its future financial performance.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,258,019	2,292,903	3,058,632
Cost of revenue	(1,610,984)	(1,549,224)	(2,244,012)
Gross profit	647,035	743,679	814,620
Selling expenses	(66,869)	(73,691)	(259,212)
Administrative expenses	(129,564)	(181,273)	(269,185)
Research and development expenses	(78,400)	(127,778)	(240,434)
Impairment losses on financial and other assets	(27,411)	(50,189)	(60,357)
Other income	4,983	13,482	21,521
Gain on disposal of equity interest in former subsidiaries	—	—	332,172
Fair value changes of financial assets or financial liabilities at fair value through profit or loss — net	(530)	9,831	156,398
Other (losses)/gains — net	3,452	18,365	(13,087)
Operating profit	352,696	352,426	482,436
Finance costs	(5,615)	(9,822)	(17,157)

	For the year ended December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of losses of investments accounted for using the equity method	(14,521)	(13,964)	(18,844)
Fair value changes of convertible redeemable preferred shares	(181,521)	125,822	—
Profit before income tax	151,039	454,462	446,435
Income tax expenses	(66,376)	(13,682)	(62,976)
Profit for the year	84,663	440,780	383,459
Attributable to:			
Equity holders of the Company	84,663	438,907	420,934
Non-controlling interests	—	1,873	(37,475)
	84,663	440,780	383,459
Other comprehensive loss:			
Items that will not be subsequently reclassified to profit or loss			
Currency translation differences	(82,974)	(170,208)	(40,574)
Items that may be subsequently reclassified to profit or loss			
Fair value changes of financial assets or liabilities at fair value through other comprehensive income held by associate	—	—	432
Currency translation differences	62,981	13,588	1,526
	62,981	13,588	1,958
Other comprehensive loss for the year, net of tax	(19,993)	(156,620)	(38,616)
Total comprehensive income for the year	64,670	284,160	344,843
Attributable to:			
Equity holders of the Company	64,670	282,287	382,318
Non-controlling interests	—	1,873	(37,475)
	64,670	284,160	344,843
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
— Basic	0.46	1.45	1.00
— Diluted	0.39	0.87	0.97

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	39,854	65,285	74,257
Intangible assets	170,676	367,056	519,474
Investments accounted for using the equity method	31,067	24,865	125,243
Prepayments and other receivables	32,279	15,375	337
Financial assets at fair value through profit or loss	41,046	84,895	351,085
Other non-current assets	90,450	36,847	21,674
Deferred tax assets	8,504	15,082	35,921
	<u>413,876</u>	<u>609,405</u>	<u>1,127,991</u>
Current assets			
Other current assets	46,698	9,600	15,780
Inventories	7,282	16,220	9,864
Trade receivables	43,528	332,741	380,904
Prepayments and other receivables	926,842	1,718,595	1,879,004
Loan receivables	232,371	380,380	545,703
Financial assets at fair value through profit or loss	—	14,133	36,112
Restricted cash	162,124	—	702,546
Cash and cash equivalents	441,315	2,542,316	2,057,872
	<u>1,860,160</u>	<u>5,013,985</u>	<u>5,627,785</u>
Total assets	<u><u>2,274,036</u></u>	<u><u>5,623,390</u></u>	<u><u>6,755,776</u></u>
EQUITY			
Share capital	31	73	72
Reserves	260,345	2,759,130	2,487,831
Retained earnings/(accumulated losses)	(815,872)	360,584	771,347
Equity/(deficit) attributable to equity holders of the Company	<u>(555,496)</u>	<u>3,119,787</u>	<u>3,259,250</u>
Non-controlling interests	<u>—</u>	<u>47,068</u>	<u>(58,579)</u>
Total equity/(deficit)	<u><u>(555,496)</u></u>	<u><u>3,166,855</u></u>	<u><u>3,200,671</u></u>

	As at December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Other payables	56,880	11,785	361
Lease liabilities	17,568	31,723	18,967
Financial liabilities at fair value through profit or loss	1,373,447	77,243	81,036
Deferred tax liabilities	6,002	11,295	42,638
	<u>1,453,897</u>	<u>132,046</u>	<u>143,002</u>
Current liabilities			
Trade and other payables	1,164,851	2,035,399	2,758,988
Contract liabilities	25,910	26,508	33,114
Current tax liabilities	38,162	27,737	87,714
Lease liabilities	10,212	23,845	22,787
Borrowings	136,500	211,000	509,500
	<u>1,375,635</u>	<u>2,324,489</u>	<u>3,412,103</u>
Total liabilities	<u>2,829,532</u>	<u>2,456,535</u>	<u>3,555,105</u>
Total equity and liabilities	<u>2,274,036</u>	<u>5,623,390</u>	<u>6,755,776</u>

RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information contained in this Offering Circular before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Bonds, and you could lose all or part of your investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face described below and elsewhere in this Offering Circular.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our success depends on the ability to develop products and services to address the rapidly evolving market for one-stop payment services, merchant solutions, and in-store e-commerce services.

We expect that new products, services and technologies applicable to the industries in which we operate will continue to emerge and evolve. Rapid and significant technological changes continue to shape such industries, including developments in e-commerce, mobile commerce, and proximity payment devices. Other potential changes, such as developments in big data analytics and artificial intelligence, are on the horizon as well. Similarly, there is rapid innovation in the products and services to facilitate business operations. These new products, services and technologies may be superior to, impair, or render obsolete the products and services we currently offer, or the technologies we currently use to provide them.

Incorporating new technologies into our products and services may require substantial expenditures and considerable time, and we may not be successful in realizing a return on these development efforts in a timely manner or at all. There can be no assurance that any new products or services we develop and offer to our customers will achieve significant commercial acceptance. Our ability to develop new products and services may be inhibited by industry-wide standards, laws and regulations, payment networks, resistance to change from customers, or third parties' intellectual property rights. The planned timing for introduction of new products and services is subject to risks and uncertainties. We cannot assure you that any of our new products and services will achieve widespread market acceptance and generate incremental revenues. Moreover, actual timing may differ materially from original plans. Unexpected technical, distribution or other problems could delay or prevent the introduction of our new products and services. If we are unable to provide enhancements and new features for our products and services or to develop new

products and services that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards, our business, results of operations and financial condition would be materially and adversely affected.

Market, economic and other conditions in China may adversely affect the demand for our products and services.

Payment services depend upon the overall level of economic conditions and consumer spending in China. A sustained deterioration in the general economic conditions in China, including any turmoil in the economy, reductions in household disposable income, distresses in financial markets, or reduced market liquidity, as well as increased government intervention, may reduce the number of our customers. Small and medium merchants, in particular, are more susceptible to adverse changes in market, economic and regulatory conditions in China, the level of consumption, and thus adversely affect the market demand for our merchant solutions. As a result, our financial performance could be adversely affected.

Adverse market trends may affect our financial performance. Such trends may include, but are not limited to, the followings:

- fluctuations in consumer demand, which reflect the prevailing economic and demographic conditions;
- low levels of consumer and business confidence associated with recessionary environments may reduce spending of consumers;
- financial institutions may restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder defaults; and
- government intervention and regulation, and/or reduction in government investments in our customers, may reduce their desire to use our products and services.

The resurgent and continuation of COVID-19 in China and globally may adversely affect our business, financial condition and results of operations.

Since late 2019, an outbreak of respiratory illness caused by COVID-19 has continued to spread across China and globally. Since then, draconian measures including social distancing measures and travel restrictions, had been imposed in certain cities of China to contain COVID-19. On March 11, 2020, the World Health Organization further characterized COVID-19 as a pandemic. In the first five months of 2022, there were fresh outbreaks of COVID-19 cases in various cities in China. With an aim to achieve “dynamic zero” (動態清零), local authorities have adopted certain containment measures to curb the spread of COVID-19, such as lock-down in several areas (e.g. Beijing, Shanghai and Shenzhen), travel restrictions and large-scale nucleic acid

testing strategies. As of the date of this Offering Circular, the resurgent and continuation of COVID-19 remained a threat to the health of the public in China and globally. From the consumers' perspective, the widespread outbreaks of COVID-19 may have a profound impact on their behaviour as COVID-19 has changed the way consumers live their lives and consumers are gradually adapting to a "new normal". From the merchants' perspective, the ongoing pandemic in China may also prohibit merchants, especially micro-, small and medium sized merchants, from operating in the ordinary and usual course of business. If there is a large-scale lock-down in China for a prolonged period of time, the demand for our one-stop payment services, merchant solutions, and in-store e-commerce services will inevitably decrease and hence our business, financial condition and results of operations are likely to be adversely affected. We cannot predict or control the duration and scale of the pandemic in China nor can we be certain as to when the pandemic will be fully contained, and when its impact will be completely alleviated. If COVID-19 cannot be contained effectively in the foreseeable future, resulting in more stringent containment measures in China, our business operations, financial condition and results of operations could be adversely affected as a result of the changes in the outlook of the payment and business services industry, or any slowdown in economic growth, negative business sentiment and/or other factors that we cannot foresee.

We are subject to extensive regulations in the payment and business services industry and non-compliance with or changes to the regulations or licensing regimes may materially affect our business operations and financial results.

The payment and business services industries are highly regulated in China. Several regulatory authorities, such as the PBOC, CSRC, SAFE, NDRC and CBIRC, oversee different domains of these industries. There are laws and regulations that cover different aspects of these industries including entry into such businesses, scope of permitted activities, licenses and permits for various operations and pricing. Major laws and regulations that govern our business include or may in the future include those relating to payment and business services, such as payment processing and settlement, money transfer, foreign exchange, anti-money laundering and financial consumer protection, insurance and financial services. See "*Regulation.*"

On November 2, 2020, the CBIRC and PBOC published the draft Interim Administrative Measures for Online Micro-credit Business (Draft for Comment) ("**Draft Interim Administrative Measures**"), which sets forth certain requirements for conducting online micro-credit business. "Online micro-credit business" refers to any micro-credit business engaged in by a micro-credit company using big data, cloud computing, mobile internet and other technical means, utilizing internally generated data such as customer operations, online consumption and online transactions accumulated on internet platforms and other data information obtained through legal channels to analyze and assess the credit risk of borrowers, determining the mode and quota of loans, and completing such processes as loan application, risk review, loan approval, loan granting and loan recovery online. As of the date of this Offering Circular, the Draft Interim Administrative Measures was released for public comments only and its final version and effective date are

subject to change and uncertainty. We cannot assure you that we will not be determined as an online micro-credit business in the future and, as a result, we may be required to apply for an online micro-credit business license and the failure to obtain such license could materially and adversely affect our business and impede our ability to continue our operations.

As the payment and business services market in China are emerging and evolving, the applicable laws, rules, and regulations are continually developing and evolving. Any changes in the relevant rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. Since certain areas of our payment services did not fully comply with the regulations on payment services of non-financial institutions, we were subject to fines and administrative penalties during the period from January 1, 2020 to March 31, 2022, which were subsequently settled. If we fail to continuously comply with the applicable rules and regulations, we may face fines or restrictions on our business activities, or even a suspension or revocation of some or all of our licenses that allow us to carry on our business activities. Furthermore, the PRC government may institute new licensing regimes covering our current and future service offerings. If such a licensing regime were introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

Our efforts to expand our product and service offerings may not succeed, the failure of which could damage our reputation, limit our growth, and materially and adversely affect our business, results of operations, profitability and financial condition.

We derive the majority of our revenue from service fees we collect in connection with our one-stop payment services. While we intend to continue to broaden the scope of our products and services, we may not be successful in deriving any significant revenue from them, or at all to cover our development and marketing costs. Failure to expand our product and service offerings may inhibit the growth of our business, as well as increase the vulnerability of our core payments business to competitors who offer a full suite of products and services.

Furthermore, we may have limited or no experience in our newly expanded markets. While we have deployed and may continue to deploy significant efforts and resources to develop our in-store e-commerce services, we cannot assure you that our services will be widely used and generate sufficient revenue to justify the additional expenses. Our selling expenses increased by 251.8% from RMB73.7 million for the year ended December 31, 2020 to RMB259.2 million for the year ended December 31, 2021, partly due to the increase in advertising and promotion expense as a result of promotion for our in-store e-commerce services. If our newly expanded business operations fail to recoup our initial investment costs such as development and marketing expenses in a timely manner or at all, this may have an adverse impact to our profitability and financial condition.

Our new product and service offerings may also present new technology, operational, and other challenges. If these challenges lead to service disruptions or other failures, our business may be materially and adversely affected. Furthermore, any negative reviews on our new product and service offerings could adversely affect consumer perception about us.

Accordingly, the failure to expand our product and service offerings could damage our reputation, limit our growth, and materially and adversely affect our business, results of operations, profitability and financial condition.

Failure to protect transaction information and data from continually evolving cybersecurity risks could affect our reputation and may expose us to penalties, liabilities and legal claims.

While providing our products and services, we process transaction information and personal information relating to our customers, some of which may be sensitive. Such information may include credit and debit card numbers, bank account numbers, names and addresses, and other types of personal information or sensitive transaction information. While processes and procedures are in place to protect such data, we cannot assure you that these measures will be successful and sufficient to counter all current and emerging technology threats that may breach our systems to gain access to confidential information.

Our systems are subject to illegal penetration, and our data protection measures may not effectively prevent unauthorized access. Techniques used to obtain unauthorized access, or to disable or degrade services, or to sabotage systems, change frequently and are often difficult to detect. Threats to our systems and our associated third parties' systems can arise from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Computer viruses can be distributed and could infiltrate our systems or those of our associated third parties. In addition, denial of service or other attacks could be launched against us for a variety of purposes, including to interfere with our services or create a diversion for other malicious activities. Our defensive measures may not prevent unauthorized access or use of sensitive data.

We could also be subject to liability for claims relating to misuse of personal information, such as unauthorized marketing purposes and violation of data privacy laws. We have undertaken in some agreements to take protective measures to ensure the confidentiality of customer data. Any failure to adequately enforce or provide these protective measures could result in liability, protracted and costly litigation and, with respect to misuse of the personal information of customers, lost revenue and reputational harm.

Any type of security breach, cyberattack or misuse of data described above or otherwise could harm our reputation and deter existing and prospective customers from using our services, increase our operating expenses in order to contain and remediate the incident, expose us to unbudgeted or uninsured liability, disrupt our operations, divert our management attention,

increase our risk of regulatory scrutiny, result in the imposition of penalties and fines under relevant laws and regulations, and adversely affect our cooperation with business partners and could materially and adversely affect our business and impede our ability to continue our operations.

We face risks relating to our acquisitions, investments and alliances, which could have a material adverse effect on our financial condition and results of operations.

We have invested, and in the future, may invest, in a diverse array of businesses, technologies and ventures, and may enter into acquisitions and alliances from time to time. Such endeavors may involve significant risks and uncertainties, including distracting management from current operations, greater than expected liabilities and expenses and unidentified issues not discovered in our due diligence. These new ventures are inherently risky and may not be successful. In addition, upon completion of an investment or acquisition, we may allocate significant resources to the integration of the new business into our existing business to realize synergetic benefits. The integration process involves risks and uncertainties, some of which are beyond our control, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies.

In particular, we have invested in a number of companies over which we do not obtain control. Entities over which we have significant influence but not control, i.e. associates, are accounted for using the equity method of accounting. As of December 31, 2019, 2020 and 2021, the aggregate carrying amount of our investments in associates was approximately RMB31.1 million, RMB24.9 million and RMB125.2 million, respectively. These transactions also involve significant challenges and risks in the following aspects, among others:

- for investments over which we do not obtain control, we may lack influence over the operations of these investees, which may prevent us from achieving our strategic goals in these investments;
- uncertain return of capital. For example, the recoverability of our investments accounted for using equity method will be subject to uncertainties given that we will only realize return upon receiving dividend payments from these associates unless we dispose of these investments;
- unforeseen or hidden liabilities or additional operating losses, costs and expenses that may adversely affect us following our acquisitions or investments;
- liquidity risks with respect to investments over which we do not obtain control. No cash flow can be generated from privately-held investee companies until dividends are received as investment in associates are not as liquid as other investment products. Even

if profits are reported under equity accounting, there can be no assurance that the investee companies will make dividend distribution in the future as we do not have control over the investee companies; and

- the impact of the fair value changes of investments measured at fair value through profit or loss on our financial performance and the associated uncertainties in accounting estimates as the valuations of these investments require the use of unobservable inputs and judgments. See “— *Our results of operations and financial condition may be adversely affected by our financial assets and financial liabilities at fair value through profit or loss due to the uncertainty of accounting estimates in the fair value measurement with the use of significant unobservable inputs.*”

Furthermore, our acquisition targets can be loss-making or incurring significant expenses during a particular period, even though they may be strategically important to us and our commercial digitalized ecosystem. Upon consolidating the performance of the acquired companies which were loss-making or incurring significant expenses into our financial statements after acquisition, our consolidated financial statements can be adversely affected. Our selling expenses increased by 251.8% from RMB73.7 million for the year ended December 31, 2020 to RMB259.2 million for the year ended December 31, 2021, partly due to the increase in employee benefits as a result of the increase in headcounts of product specialists following the acquisition of Shenzhen Leshua Shangquan Technology Co., Ltd. (深圳市樂刷商圈科技有限公司), and Beijing Chuangxinzhong Technology Co., Ltd. (北京創信眾科技有限公司) in November 2020, and the acquisition of Dingding Cultural Tourism (Chengdu) Co., Ltd. (鼎鼎文化旅遊(成都)有限公司) in October 2021.

Accordingly, acquisitions, whether we obtain control over the acquisition targets or not, will involve risks and uncertainties, which may adversely affect our consolidated profit, financial condition and results of operations.

Significant impairment to goodwill could materially impact our financial position and results of our operations.

Goodwill amounted to RMB145.8 million, RMB301.9 million and RMB439.1 million as of December 31, 2019, 2020 and 2021, respectively. Pursuant to applicable accounting standards, goodwill is subject to assessment for impairment annually or more frequently if certain events or changes in circumstances indicate that it might be impaired. As impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The impairment may be further affected by the assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such

assumptions, we may be required to have a significant write-off and record a significant impairment loss. Any significant impairment of goodwill could have a material adverse effect on our financial position and results of operations.

If we fail to compete effectively, we may lose customers, which could materially and adversely affect our business, financial condition and results of operations.

We operate in evolving markets, characterized by fierce competition and continual changes in customer needs and industry standards, as well as frequent introductions of new products and services. Competition may intensify in the future, as existing and new competitors introduce new or enhance existing products and services, with more advanced technologies.

Our primary competitors are other independent payment service providers. Some of these companies have more financial resources and larger customer bases, and thus have significant competitive and scale advantages. These companies may devote greater resources to the development, promotion and sale of products and services, and offer them at lower prices. Our competitors may offer more attractive terms to business partners, including sales agents or other channel partners to gain better access to potential customers. Mergers and acquisitions by these companies may lead to even larger competitors with more resources.

In addition, the intensifying competition in the payment service market may adversely affect our profit margin. As the payment service fee rate has become largely market driven since September 2016, pricing of independent payment service providers is largely at similar levels. See *“Regulation — Regulations on Payment Services of Non-financial Institutions — Pricing Mechanism of Bankcard Transaction Fee.”* As a result of such intensifying competition in the payment service market, we may need to incur higher customer acquisition costs, as well as to offer more competitive commission rates to our distribution channels. These may lead to a decrease in our profit margin, and thus adversely affect our business, financial condition and results of operations.

Further, we face the risk of increasing competition from banks and affiliated payment service providers. In particular, WeChat Pay and Alipay, the two largest third-party payment service providers in China, who currently provide payment services ancillary to their major lines of business, may start to grow their payment services for small and medium merchants. These affiliated payment service providers may have larger customer bases, and more resources than we do. We also expect new market entrants to offer competitive products and services. If we are unable to differentiate ourselves from and successfully compete with our competitors, our business, results of operations and financial condition will be materially and adversely affected.

Our historical growth rate is not necessarily indicative of our future performance. We may not be able to implement our growth strategies or manage our growth effectively.

Our total revenue increased from RMB2,258.0 million for the year ended December 31, 2019 to RMB3,058.6 million for the year ended December 31, 2021, representing a CAGR of 16.4%. Our gross profit increased from RMB647.0 million for the year ended December 31, 2019 to RMB814.6 million for the year ended December 31, 2021, representing a CAGR of 12.2%. With the rapid evolution and growth of our business in the past, our historical growth rate is not necessarily indicative of our future performance. We cannot assure you that we will be able to achieve similar results or grow at the same rate as we did in the past. As our business and the payment and business services markets in China continue to develop, we may adjust our product and service offerings, or modify our business models. Such adjustments may not achieve expected results and may have a material and adverse impact on our financial condition and results of operations.

Further, our future success depends, to a large extent, on our ability to implement our future plans. Our ability to grow and implement our future plans are subject to a wide range of factors, including, among others, appropriate allocation of capital investments in implementing various plans and adequate human resources. We may also be unable to realize our future plans in accordance with the expected timetable, or at all, due to other risks and uncertainties which include, among others, intensifying competition, our ability to retain key employees, our financial stability, and our business relationships with customers, suppliers and partners. The implementation of our future plans may also be hindered by other factors beyond our control, such as general market conditions, the domestic and international economic and political environment and geopolitical factors arising from the trade tensions between the US and China, the exit of the United Kingdom from the European Union effective from 31 January 2020 and the Russia-Ukraine conflict in 2022. These situations may have adverse implications on the geopolitical relations. The heightened tensions and conflict may cause unforeseen disruptions in the supply chain, economic instability, terrorist activity and further sanctions. While we have no business operations in the US, United Kingdom, European Union, Russia or Ukraine, these factors, which are beyond our control, may have detrimental effects on the implementation our future plans. For example, we may need to be more conservative in implementing our growth strategies and we may face difficulties in raising sufficient funds to implement our expansion plan in light of an uncertain economic outlook. If we fail to implement our growth strategies or manage our growth effectively, our ability to capture new business opportunities and maintain our competitive edge may be hindered, and hence our business, financial conditions, results of operations and prospects may be materially and adversely affected.

If, in the future, we are unable to generate sufficient cash flows for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition will be materially and adversely affected.

We recorded net cash used in operating activities of RMB5.1 million and RMB164.1 million for the years ended December 31, 2020 and 2021. Negative net operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If, in the future, we are unable to generate sufficient cash flows for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition will be materially and adversely affected. We cannot assure you that we will not experience negative net operating cash flow in the future.

Our results of operations and financial condition may be adversely affected by our financial assets and financial liabilities at fair value through profit or loss due to the uncertainty of accounting estimates in the fair value measurement with the use of significant unobservable inputs.

For the years ended December 31, 2019, 2020 and 2021, we invested in wealth management products and other financial assets. As of December 31, 2019, 2020 and 2021, our financial assets at fair value through profit or loss amounted to RMB41.0 million, RMB99.0 million and RMB387.2 million, respectively, and our financial liabilities at fair value through profit or loss were RMB1,373.4 million, RMB77.2 million and RMB81.0 million, respectively.

Our financial assets and financial liabilities are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded as other gains/(losses), net in our consolidated statements of profit or loss, and therefore directly affects our profit for the year and our results of operations. In 2019, our losses arising from the fair value changes of the Preferred Shares amounted to RMB181.5 million, and in 2020, our gains arising from the fair value changes of the Preferred Shares amounted to RMB125.8 million.

A variety of factors can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets and liabilities. These factors include general economic conditions, change in market interest rates and stability of the capital markets. Any of these factors could cause our estimates to vary from actual results and result in the substantial fluctuation in the fair value of our financial assets at fair value through profit or loss.

Since the success of our business depends on a strong and trusted brand, any failure to maintain, protect, and enhance our brand would hurt our business.

We have developed a strong and trusted brand that has contributed significantly to the success of our business. Maintaining, protecting, and enhancing our brand is pertinent to expanding our customer base and business partner network, as well as increasing utilization of our products and services. Any negative publicity about our industry or our company, the quality and reliability of our products and services, our risk management processes, changes to our products and services, our ability to effectively manage and resolve customer complaints, our privacy and security practices, litigation, regulatory activity, and the experience of customers with our products or services, could adversely affect our reputation and the confidence in and use of our products and services. If we cannot successfully maintain a strong and trusted brand, our business could be materially and adversely affected.

If we are unable to provide customers with satisfactory experience, or otherwise fail to maintain or enlarge our customer base, the volume of transactions processed via our platform may decline and our results of operations may be adversely affected.

We believe that customer base is the core building block of our business, and our ability to provide customers with satisfactory experience is critical to our success and continuous growth in revenue and customer base. If we fail to deliver satisfactory and distinct user experience, we may lose our customers and business partners, resulting in a decrease in the volume of transactions processed via our platform, and our results of operations may be adversely affected.

Our ability to provide customers with satisfactory experience is subject to a number of factors, including our ability to provide effective services, our ability to continuously innovate and improve our products and services to meet customer needs, and our access to and cooperation with our business partners. We may lose customers and revenue, and our results of operations could be materially and adversely affected if we fail to provide satisfactory experience to our customers.

If we fail to maintain our relationships with, and properly manage the distribution channels, our business, financial condition, results of operations and reputation could be adversely affected.

We rely on our distribution channels to develop and maintain relationships with customers, and to introduce our products and services to them in a manner that is consistent with our standards and applicable regulatory requirements. Our ability to expand our payment service customer base through our distribution channels while enhancing channel management is critical to our operations. Our existing channel partners do not, and any future channel partners may not, provide for any exclusivity regarding the marketing or provision of our services. If we fail to maintain our distribution channels, our business may be adversely affected. If our relationship with

any important distribution channel partner deteriorates, we may need to seek alternatives or devote more resources to distribute our products and services directly and support our customers. This may not be as effective and could lead to higher costs, reduced revenue and growth.

Some of our distribution channel partners may not market our products and services in an appropriate manner. If we fail to effectively monitor and manage them, we could be exposed to potential liabilities or regulatory scrutiny and our reputation, financial condition, results of operations could be adversely affected, and our reputation could be damaged.

Our business is subject to complex and evolving regulations and oversight related to data security. Personal data and other confidential information that we collect or are provided access to may subject us to liabilities imposed by relevant governmental regulations.

Our services involve the storage and transmission of customers' identification information, transaction information, and sensitive information. The PRC government has various regulations in place restricting companies from collecting and using protected data. See "*Regulation — Regulations on Personal Information and Privacy Protection.*" Under applicable laws and regulations, we are obliged to keep protected customer information confidential in accordance with the law and not to disclose it to the public. Specifically, personally identifiable and other confidential information is increasingly subject to legislation and regulations in numerous domestic and international jurisdictions, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. This regulatory framework for privacy issues in China and worldwide is currently evolving and is likely to remain uncertain for the foreseeable future.

In addition to laws, regulations and other applicable rules regarding privacy and privacy advocacy, industry groups or other private parties may propose new and different privacy standards. As the interpretation and application of privacy and data protection laws and privacy standards are still uncertain, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our practices. Inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, could result in additional cost and liability for us, damage our reputation, inhibit the use of our platform and harm our business. With the promulgation of new laws and standards concerning data security and information protection in the future, we may incur more expenditure on the upgrading and improvement of our data security mechanisms from both technological and management aspects in order to comply with increasingly stricter requirements. If we fail to comply with these laws and regulations, we may be subject to fines or other penalties which may materially and adversely affect our business.

We rely on third parties, such as payment networks, commercial banks, trust companies, insurance companies and IT infrastructure services providers, for a variety of technologies, services and infrastructure.

Our payment and business services rely on technologies, services and infrastructure offered by third parties that we do not control, such as payment networks, commercial banks, trust companies, insurance companies and telecommunication operators. We rely on them for a variety of services, including transmitting transaction data, processing chargebacks and refunds, facilitating same-day or settlement service and providing value-added services. Our IT systems and various interfaces also utilize or are connected to the platforms, infrastructures and technologies of these third parties. If they fail to provide services adequately, including as a result of system errors, human errors or events beyond their control, or they refuse to provide these services on terms acceptable to us or at all, and we are not able to find suitable alternatives, our business may be materially and adversely affected.

We are dependent on payment networks, and any changes to their rules or practices could harm our business.

Our payment service business depends on our ability to accommodate a variety of payment methods. As a result, we rely on payment networks, including UnionPay and NetsUnion to process transactions on our behalf. They may fail or refuse to process transactions adequately, may breach their agreements with us, or may refuse to renew these agreements on commercially reasonable terms. They may also take actions that downgrade the functionality of our services, impose additional costs or requirements on us, or give preferential treatments to competitive services, including that of their own. If we are unsuccessful in establishing or maintaining mutually beneficial relationships with these payment networks, our business may be harmed.

The payment networks require us to comply with their network operating rules, including special operating rules that apply to us as a provider of payment services to customers. These rules are set by the payment networks, who have the discretion to their interpretation and alteration. If there is any interpretation of, or alteration to the network rules that are inconsistent with the way we currently operate, we may be required to make changes to our business operations. This could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the payment networks, we could be fined or prohibited from processing payments. In addition, violations of the network rules or failure to maintain good relationships with the payment networks could increase our costs, or otherwise harm our business. If we were unable to accept payment cards or were limited in our ability to do so, our business would be materially and adversely affected.

To process transactions, we are required to pay interchange fees to the payment networks. Payment networks have, from time to time, increased the interchange fees for transactions processed via their networks. Interchange fees are also subject to changes from time to time due to government regulations. As we generally charge customers a flat rate for our payment services, any increase or decrease in interchange fees could reduce our price competitiveness, or adversely affect our margins.

Our payment networks may delay or default on settlement of receivables with us, which could materially and adversely affect our business, financial condition and results of operations.

Our receivables from payment networks mainly represent funds received by the payment networks to be transferred to the respective payment customers in the course of our payment services. During the period from 2019 to 2021, receivables from payment networks were normally settled within several days. As of December 31, 2019, 2020 and 2021, our receivables from payment networks amounted to RMB800.7 million, RMB1,465.1 million and RMB1,565.5 million, respectively. If our payment networks delay or default on settlement of receivables with us, our business, financial conditions and results of operations could be materially and adversely affected.

Settlement of other receivables from related parties may be delayed or defaulted on, which could adversely affect our financial condition and results of operations.

As of December 31, 2021, we had RMB174.2 million of other receivables from related parties, including RMB28.6 million due from Shenzhen Chaomeng Financial Technology Information Service Co., Ltd (“**Shenzhen Chaomeng**”). As of December 31, 2021, an aggregate amount of impairment provision of RMB28.6 million was made against other receivables due from Shenzhen Chaomeng, based on our assessment of the expected cashflows to be generated by Shenzhen Chaomeng in its future operations and the amounts that Shenzhen Chaomeng would repay us. If the settlement of amounts due from related parties is delayed or defaulted on, our financial condition and results of operations may be adversely affected.

Our business is dependent on the continuous improvement of our information technology systems and infrastructure. If we fail to keep up with technological developments and evolving customer demands, our business and results of operations may be materially and adversely affected.

The continuing popularity of our platform and our ability to monetize payment and business service customers and data assets depend significantly on our ability to adapt to rapidly changing technologies, as well as our ability to continually innovate and improve our information technology systems and infrastructure in response to evolving customer demands and intense market competition. Failure to act effectively in any of these areas may materially and adversely affect our business and results of operations.

Enhancing existing technologies and incorporating new technologies into our platform involve numerous technical challenges, and require substantial devotion of capital, personnel and time. We may not be able to address these challenges effectively due to numerous factors, some of which are beyond our control. If we fail to retain or expand our customer base or maintain customer activity levels on our platforms, less data will be available for analysis, negatively affecting predictive ability of our system.

Failure to anticipate or implement new technologies could negatively impact our competitiveness, and reduce our revenue and market share. Although we have been devoting, and will continue to devote significant resources to enhance and develop our technologies and services, we may not be able to do it on a timely basis, or at all, which may decrease customer satisfaction. In addition, new technologies may not succeed or integrate well with our existing systems and infrastructure, and even if integrated, may not function as expected.

Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware, and systems, or human errors in operating these systems, could materially and adversely affect our business, financial condition and results of operation.

Our business is dependent on the ability of our information technology systems to stably and timely process a large amount of information and transactions. Our IT infrastructure at multiple locations in Shenzhen are hosted by Shenzhen Telecom. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract customers. We cannot guarantee that access to our platform will be uninterrupted, error-free, or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host's facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities would be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our future prospects and profitability.

Our software, hardware, and systems may contain undetected errors, that could have a material adverse impact on our business, particularly where such errors are not timely detected and remedied. There may be defects in our customer-facing software and hardware, internal systems, and technical integrations with third-party systems of our channel partners, and new errors may be introduced in the future. In addition, we use complex software, and may have coding defects or errors that may impair our customers' ability to use our products and services. The models and

algorithms that we used for business services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we would be able to detect and resolve all such defects and issues through our quality control measures.

Any errors, defects, disruptions in services, or other performance problems with our services could hurt our reputation and damage our customers' businesses. Software and system errors, or human error, could delay or inhibit settlement of payments, result in over-settlement, cause reporting errors, or prevent us from collecting transaction fees or providing business services. Similarly, security breaches or errors in our hardware could cause transaction failures. Such issues could result in lawsuits and other liabilities and losses, which could have a material and adverse effect on our business.

Our operations depend on the performance of the internet and mobile internet infrastructure, and telecommunications networks in China, which may not be able to support the demands associated with our continued growth.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the internet infrastructure or the telecommunications networks in China. We cannot assure you that these infrastructures will be able to support the demands associated with our continued growth in usage.

There is an increasing trend of accessing the internet through smart phones, tablets and other mobile devices. As new devices, new mobile platforms and updates to such devices and platforms are continually being released, we may encounter problems in developing our mobile app for use on these devices, and we may need to devote significant resources to creating, supporting and maintaining our mobile app on such devices.

Our payment terminals and accessories are procured from a limited number of suppliers. We are at risk of shortage, price increases, changes, delay, or discontinuation, which could disrupt and materially and adversely affect our business.

Our payment terminals and accessories come from limited sources of supply. Our contract manufacturers fabricate or procure components on our behalf, subject to certain approved procedures or supplier lists. We do not have firm commitments from all of these suppliers to provide all components, or to provide them in quantities and by timelines that we may require. In addition, if our relationships with wholesalers deteriorate, we may need to procure certain supplies directly from manufacturers, at less favourable price and terms, which will increase our cost of purchase. See "*Business — Suppliers and Our Cooperation with Financial Institutions — Payment Terminal Suppliers.*" Due to our reliance on products provided by these suppliers, we are subject to the risk of shortages and long lead times in the supply of certain components or products.

Various sources of supply-chain risk, including strikes or shutdowns at delivery ports or loss of or damage to our products while they are in transit or storage, could limit the supply of our products. In the event of a shortage or supply interruption from suppliers of these components, we may not be able to develop alternate sources quickly, cost-effectively, or at all. Any interruption or delay in component supply, any increases in component costs, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to provide our products to customers on a timely basis. Further, if our suppliers fail to deliver sufficient quantities of that product to meet our requirements, we may experience a shortage of that product available for sale or distribution. The shortage of a popular product could materially and adversely affect our brand and our customer relationships.

Our current risk management system and internal control policies and procedures may not be able to exhaustively address, or mitigate all risks to which we are exposed.

We are subject to various kinds of risks, including business risks, operational risks and financial risks. Currently, we rely on our data driven risk management system, and internal control policies and procedures to address and mitigate these risks. Furthermore, we have limited operational experience in the provision of merchant solutions and in-store e-commerce services. Our limited experience may render risk management less effective in addressing some of the risks, exacerbating our risk exposure. Additionally, our data-driven risk management system, and internal control policies and procedures may not be able to exhaustively mitigate our exposure to these risks. We cannot assure you that our assessment and monitoring of risks will always be sufficient. Any insufficiency in our risk management system and internal control policies and procedures may have a material adverse effect on our business, results of operations and financial condition.

Fraudulent and fictitious transactions, and misconducts committed by our employees, customers, distribution channels and other third parties may pose challenges to our risk management capabilities, and failure to manage the related risks may adversely affect our business, financial condition, and results of operations.

Offering payment services to a large number of customers, we may be subject to liability for fraudulent payment transactions by customers, in particular, fraudulent chargeback and use of counterfeit cards. Fraud or other misconducts committed by our employees, customers, distribution channels or other third parties may be difficult to detect or prevent and could subject us to financial losses and regulatory sanctions as well as seriously damage our reputation. We cannot assure you that all of our employees, customers and other third parties will fully comply with our risk management policies, measurements and procedures for preventing fraud and other misconducts or that we will always be able to identify and prevent all fraud and other misconducts by our employees, customers and other third parties. Future fraud or other misconducts by our employees, customers and other third parties could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Fraudulent activities have become increasingly sophisticated. Incidents of frauds could increase in the future. Our measures to detect and reduce the risk of fraud need to be continually improved to effectively guard against new and evolving forms of fraud, or frauds in connection with our new products and services. Substantial costs may be incurred in improving such security measures. Failure to effectively identify and address these risks could lead to losses, regulatory penalties or even regulatory restrictions to our business operations, which will adversely affect our business, financial condition, and results of operations.

Our fintech services are subject to risks relating to credit assessment and general macroeconomic conditions. Our current risk management system may not be able to exhaustively assess or mitigate all risks to which we are exposed.

We bear the credit risks of entrusted loans and facilitated loans that we provide guarantee to. We rely on our proprietary credit assessment model in assessing the creditworthiness of customers, and the risks associated with loans. We continuously refine the algorithms, data processing and machine learning used by our credit assessment model, but if any of these decision-making and scoring systems contain programming or other errors, are ineffective or the data provided by borrowers or third parties are incorrect or stale, our loan pricing and approval process could be negatively affected, resulting in mispriced or misclassified loans or incorrect approvals or denials of loans. Inability to effectively and accurately assess their credit profiles or price loan products appropriately, could materially harm our fintech services business.

Further, our credit risk management depends on the evaluation of information regarding customers and other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated. In addition, for most of our loan products, generally less documentation is required from applicants than that would otherwise be required by traditional banks for credit assessment and approval, which further limits the credit information of certain applicants available to us and may result in increasing risks. In addition, we have limited operational experience in providing loan facilitation services and entrusted loans. Our limited experience may render our risk management less effective in addressing some of the risks which in turn could exacerbate our credit risk.

Adverse changes in macroeconomic conditions could lead to a decrease in the number of customers suitable for loan and cash advances. It also strains our ability to correctly identify such customers, and manage risk of default or fraud. Similarly, if we fail to correctly predict level of risk of such customers, our business may be materially and adversely affected.

We intend to continue to explore other models and structures for our fintech services, including lending and other forms of credit. Some of those models or structures would require, or be deemed to require, additional procedures, partnerships, licenses, or capabilities that we have not yet obtained or developed. Should we fail to expand and evolve our fintech services in this

manner, or should these new models or structures, or new regulations or interpretations of existing regulations, impose requirements on us that are impractical or that we cannot satisfy, the future growth and success of our fintech services may be materially and adversely affected.

If our debt collection efforts are ineffective, our business, financial condition and results of operations may be adversely affected.

We have implemented collection policies to optimize the repayment process. Our collection process includes sending repayment reminders, engaging outsourced collection specialists to collect overdue sums, and taking legal action against the customer in default when necessary. Despite our efforts, we cannot assure you that we will be able to collect overdue loans as expected. If we fail to adequately collect amounts owed, our business, financial conditions, results of operations and relationship with our financial institution partners may be adversely affected.

Because we bear the credit risk for entrusted loans and facilitated loans that we provide guarantee to, we also recognize impairment losses for default loans in these arrangements. For the year ended December 31, 2019, 2020 and 2021, we incurred impairment losses on loan receivables of RMB17.9 million, RMB38.2 million, and RMB29.5 million, respectively. Our financial conditions will be adversely affected if the expected credit loss rate of our loans rises.

Moreover, we cannot guarantee that we could effectively control every aspect of debt collection procedures. For instance, although we have policies in place to prevent third-party collection specialists from engaging in aggressive or illegal practices, we cannot assure you that they will abide by these policies in the course of collection. Any such misconduct may adversely affect our reputation and business.

The development of our fintech services is capital intensive. Restrictions in our capital raising arrangements and inability to obtain additional financing may materially and adversely affect our business.

The development of our fintech services is capital intensive. We cannot assure you that additional funding will be available on terms acceptable to us, or at all. Terms of funding may deteriorate significantly, in the form of reduced liquidity, and higher financing costs, in the event of global or domestic economic turmoil. Our ability to obtain funding in a timely manner is affected by a number of factors beyond our control, any of which could cause substantial delays. We may require additional cash resources due to further developments or changing business conditions.

If additional financing is not available on acceptable terms or at all, we may not be able to fund our expansion, promote our brand, enhance our products and services, respond to competitive pressures or take advantage of investment or acquisition opportunities, all of which may adversely affect our results of operations and business prospects.

If we fail to prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge. The value of our services and our brand, and our reputation and operations, may be materially and adversely affected.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality, invention assignment, and license agreements with our employees, consultants, and third parties with whom we have relationships, as well as trademarks, domain names, copyrights, trade secrets, and patent rights, to protect our brand and other intellectual property rights. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products and services. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights are expensive and difficult to maintain, both in terms of application and maintenance costs and in terms of the costs of defending and enforcing those rights. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on agreements we have in place with employees and third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may be insufficient or may be breached. In either case this could potentially result in the unauthorized use or disclosure of our trade secrets and other intellectual properties, including to our competitors. As a result, we could lose the competitive advantage derived from the intellectual property. Significant impairments of our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, could have a material and adverse effect on our business.

We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, results of operations and prospects.

We depend on our ability to develop and maintain the intellectual property rights relating to our business. We cannot be certain that third parties will not claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights that they hold. We may be involved in litigation in relation to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights, particularly in China, are still evolving. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources, and favorable final outcomes may not be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required of our services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations and prospects.

Our success largely depends on senior management, as well as our experienced and capable employees.

Our future success depends upon the continued service of our senior management and other experienced and capable employees. We depend upon the ability and experience of a number of our senior management who have significant experience with our operations, the rapidly changing payments and business services industry and the selected markets in which we offer our products and services. The loss of the services of one or a combination of our senior management or key employees could have a material adverse effect on our results of operations.

To maintain and grow our business, we will need to identify, hire, develop, motivate and retain highly skilled employees, which requires significant time, expense, and attention. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team members, including any new hires that we make, fail to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Competition for highly skilled personnel is intense. We may need to invest significant amounts of expense and other efforts to attract and retain new employees, and we may never realize returns on these investments. If we are not able to add and retain employees effectively, our ability to achieve our strategic objectives will be adversely affected, and our business and growth prospects will be harmed.

We have limited insurance coverage and may incur losses resulting from business interruptions.

We do not have any business interruption insurance. Based on the insurance products available in China, even if we decide to take out business interruption coverage, such insurance as is currently available offers limited coverage compared with that offered in many other jurisdictions. Any business disruption or natural disaster could result in our incurring substantial costs and diversion of resources, which would have an adverse effect on our business and results of operations.

We are subject to anti-money laundering laws and regulations.

We are required by the PBOC to comply with certain anti-money laundering requirements, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the

provision of assistance to public security departments and judicial authorities in investigations and proceedings in relation to anti-money laundering matters. These laws and regulations require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting obligations. The anti-money laundering policies and procedures we have adopted may not be effective in protecting our services from being exploited for money laundering purposes. Our failure to comply with the laws and regulations will subject us to fines or other penalties levied by regulators, which may negatively affect our results of operations. If the remedial measures we have undertaken are ineffective or are deemed by the regulators as ineffective in the future, we may be subject to fines or other penalties, which may adversely affect our results of operations. We cannot assure you that there will not be failures in detecting money laundering or other illegal or improper activities, which may materially and adversely affect our business reputation, financial condition and results of operations.

We may be subject to liability for placing advertisements with content that is deemed inappropriate or misleading.

PRC laws and regulations prohibit companies from producing, distributing or publishing any advertisement with content that violates PRC laws and regulations, impairs the national dignity of China, involves designs of the PRC national flag, national emblem or national anthem or the music of the national anthem, or content that is considered reactionary, obscene, superstitious or absurd, is fraudulent, or disparages similar products. As we provide marketing services to customers, we are required to verify, record and update the identity information of those who choose to place their advertisements on our platform on a regular basis. We must also review supporting documents provided by advertisers and verify the content of the advertisements, and are prohibited from publishing any advertisement that lacks or is inconsistent with supporting documents. While we do have a review procedure prior to publishing, we cannot guarantee that we can eliminate all advertisements with content that would be deemed inappropriate or misleading. If we are deemed violating PRC law or regulations, we may be subject to penalties, including suspension of publishing, confiscation of the revenues related to these advertisements, levying of fines and suspension or termination of our marketing services business, any of which may materially and adversely affect our business.

RISKS RELATING TO OUR CORPORATE STRUCTURE

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

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunications services and fintech services.

We are an exempted company incorporated under the laws of the Cayman Islands, and Yeahka WFOE, our wholly-owned PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct substantially all of our business in China through our PRC Operating Entities. Because of certain Contractual Arrangements, we are the primary beneficiary of the PRC Consolidated Entities and consolidate their results of operations into ours. Our PRC Consolidated Entities hold the licenses, approvals and key assets that are essential for our business operations.

Our legal advisors as to PRC law, Han Kun Law Offices, has advised us that (i) the ownership structures of our Yeahka WFOE and our PRC Consolidated Entities, both currently and immediately after giving effect to this offering, do not violate any applicable and explicit PRC law, regulations, or rules currently in effect, and (ii) subject to the risks as disclosed in “— *Risks Relating to Our Corporate Structure*”, each agreement of the Contractual Arrangements between our Yeahka WFOE, our PRC Consolidated Entities, and their equity holders governed by PRC law is valid, binding, and enforceable in accordance with their terms and applicable PRC laws and regulations currently in effect and does not violate any applicable and explicit PRC law currently in effect. There may be, however, uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to that of Han Kun Law Offices. If the PRC government finds that our Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that we or our PRC Consolidated Entities are in violation of PRC laws or regulations, or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the PBOC, the MOFCOM and the MIIT, would have broad discretion in dealing with such violations or failures, including, without limitation:

- requiring the nullification of the Contractual Arrangements;
- revoking our business and operating licenses; discontinuing or restricting our operations;

- imposing fines or confiscating any of our income which is deemed to have been obtained through illegal operations;
- imposing conditions or requirements with which we or Yeahka WFOE and our PRC Consolidated Entities may not be able to comply;
- requiring us or Yeahka WFOE and our PRC Consolidated Entities to restructure the relevant ownership structure or operations, or to re-apply for the necessary licenses, or to relocate our businesses, staff and assets;
- restricting or prohibiting our use of the proceeds from the offering or other of our financing activities to finance the business and operations of our PRC Consolidated Entities; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations.

Furthermore, any of the assets under the name of any record holder of equity interest in the PRC Consolidated Entities, including such equity interest, may be put under court custody in connection with litigation, arbitration, or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules, and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our businesses.

In addition, it is unclear whether PRC government actions would have any impact on us, and our ability to consolidate the financial results of any of our PRC Consolidated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its Implementation Rules and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law (the “**FIL**”) which came into effect on January 1, 2020. The FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise

Law (《外資企業法》), together with their implementation rules and ancillary regulations, becoming the legal foundation for foreign investment in the PRC. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Under the FIL, “foreign investment” refers to the investment activities directly or indirectly carried out in the PRC by one or more foreign natural persons, enterprises or other organizations (the “**Foreign Investor(s)**”). The FIL specifically stipulates three forms of foreign investment, namely, (a) establishment of a foreign invested enterprise in the PRC by a Foreign Investor, either individually or collectively with any other investor, (b) obtaining shares, equities, assets interests or any other similar rights or interests of an enterprise in the PRC by a Foreign Investor; and (c) investment in any new construction project in the PRC by a Foreign Investor, either individually or collectively with any other investor, and does not explicitly stipulate contractual arrangements as a form of foreign investment. However, there is a catch-all provision under the definition of “foreign investment” to include investments made by Foreign Investors in China, through means stipulated by laws or administrative regulations, or other methods prescribed by the State Council. Therefore, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, which would render it uncertain as to whether foreign investment via contractual arrangements would be deemed violation of the foreign investment access requirements, and how the above-mentioned contractual arrangements would be regulated.

On December 26, 2019, the State Council released the Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**FIL Implementing Regulations**”) which took effect on January 1, 2020. See “*Regulation — Foreign Investment Law (2019)*.”

There is no guarantee that the Contractual Arrangements and our business will not be materially and adversely affected in the future as a result of changes in PRC laws and regulations. If future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be completed by companies with existing Contractual Arrangements, we may face substantial uncertainties as to whether such actions can be timely completed, or at all. Failure to take timely and appropriate measures to cope with any of these, or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

In the extreme scenario, we may be required to unwind the Contractual Arrangements and/or dispose of our PRC Consolidated Entities, which could have a material and adverse effect on our business, financial condition and results of operations. In the event that we no longer have a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal of our PRC Consolidated Entities or such measures are not complied with the relevant

laws and regulations, the Hong Kong Stock Exchange may take enforcement actions against us, which may have a material adverse effect on the trading of our Shares or even result in delisting of our Company.

Therefore, there is no guarantee that our Contractual Arrangements and the business of our PRC Consolidated Entities will not be materially and adversely affected in the future.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Our PRC Consolidated Entities may fail to perform their obligations under our Contractual Arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of value-added telecommunications services and fintech services in China, we operate a portion of our business in China through our PRC Consolidated Entities, in which we have no direct ownership interest. We rely on a series of Contractual Arrangements with our PRC Consolidated Entities and their shareholders to control and operate their business. These Contractual Arrangements are intended to provide us with effective control over our PRC Consolidated Entities, and allow us to obtain economic benefits from them.

The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our PRC Consolidated Entities. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our PRC Consolidated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, as a legal matter, if our PRC Consolidated Entities or their shareholders fail to perform its, his or her respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. For example, if the shareholders of our PRC Consolidated Entities were to refuse transferring their equity interests in our PRC Consolidated Entities to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal action to compel performance of their respective contractual obligations. Also see “— *Certain terms of the Contractual Arrangements may not be enforceable under PRC laws and regulations.*”

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

Our PRC Consolidated Entities hold assets that are material to our business operations. The Contractual Arrangements with our PRC Consolidated Entities contain terms that specifically obligate their shareholders to ensure the valid existence of our PRC Consolidated Entities. They

also provide that our PRC Consolidated Entities may not be voluntarily liquidated. However, should the shareholders breach this obligation and voluntarily liquidate our PRC Consolidated Entities, or should our PRC Consolidated Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially adversely affect our business, financial condition and results of operations.

The registered shareholders of Shenzhen Yeahka may have conflicts of interest with us, which may materially and adversely affect our business.

We have designated individuals and entities, who are PRC nationals to be the registered shareholders of Shenzhen Yeahka. We cannot assure you, however, that when conflicts of interest arise, these individuals and entities will act in the best interests of our Company or that conflicts of interest will be resolved in our favor. In the event of any such conflicts of interest, these individuals and entities may breach or cause our PRC Consolidated Entities to breach or refuse to renew the Contractual Arrangements that allow us to effectively control and receive economic benefits from our PRC Consolidated Entities. If we cannot resolve any conflict of interest or dispute between us and the registered shareholders of Shenzhen Yeahka should it arise, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements with Shenzhen Yeahka and the registered shareholders of Shenzhen Yeahka. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

Certain terms of the Contractual Arrangements may not be enforceable under PRC laws and regulations.

The Contractual Arrangements provide for dispute resolution by way of arbitration in the Shenzhen Court of International Arbitration (“SCIA”), in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shenzhen.

It may be difficult to predict the outcome of arbitration proceedings in China. There are very few precedents and official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of arbitration should legal action become necessary. These uncertainties could limit our ability to enforce these contractual arrangements.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of PRC Consolidated Entities, injunctive relief and/or order the winding up of PRC Consolidated Entities. These agreements also contain provisions to

the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in PRC Consolidated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. PRC laws and regulations allow the arbitral body to grant an award of transfer of assets of or equity interests in PRC Consolidated Entities in favour of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures.

Arbitration awards are final and can only be enforced in PRC courts through arbitration award recognition proceedings, which could cause additional expenses and delays. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the PRC Consolidated Entities and may lose control over the assets owned by the PRC Consolidated Entities.

Under PRC laws and regulations, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against our PRC Consolidated Entities as interim remedies for the purpose of protecting assets or equity interests in favour of any aggrieved party. In case the Contractual Arrangements provide that courts in competent jurisdictions may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if granted by courts in competent jurisdictions in favour of an aggrieved party) may still not be recognized, or enforced by PRC courts. As a result, in the event that our PRC Consolidated Entities or their registered shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our PRC Consolidated Entities and conduct our business could be materially and adversely affected.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements among Yeahka WFOE and our PRC Consolidated Entities do not represent an arms-length price and adjust our PRC Consolidated Entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our PRC Consolidated Entities, which could in turn increase their

tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our PRC Consolidated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

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

Pursuant to the Contractual Arrangements, Yeahka WFOE has the exclusive right to purchase all or any part of the equity interests in each of our PRC Consolidated Entities from their registered shareholders at the lowest price permitted by PRC law, and where PRC laws and regulations require valuation of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations. Yeahka WFOE also has the exclusive right to purchase all or any part of the assets in each of our PRC Consolidated Entities from their registered shareholders at the lowest price permitted by PRC law. Where PRC laws and regulations require valuation of the assets, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations. In the event of such transfer, the lowest price permitted by PRC law may be substantially higher than the aforesaid actual capital contributions in case of purchasing the equity interests, or the net book value of relevant assets, or the competent tax authority may require Yeahka WFOE to pay enterprise income tax, value-added tax and other applicable taxes with reference to the fair value of such assets instead of the price as stipulated under the Contractual Arrangements, in which case Yeahka WFOE may be subject to a substantial amount of tax and our financial condition may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Any failure to protect our customer data, or the improper collection, use or disclosure of such data, as well as the uncertainties surrounding the cybersecurity review may subject us to the liabilities imposed by data privacy and protection laws and regulations in PRC, which may negatively impact our reputation and business.

As a payment service provider, we collect and use information provided by customers in the usual and ordinary course of our business, which may include their payment services' account names and other information. We are subject to various laws and regulations regarding the collection, storage, sharing, use, disclosure and protection of personally identifiable information and data. In November 2016, the Standing Committee of the National People's Congress of the PRC (the "SCNPC") promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "PRC Cyber Security Law"), which requires, among others, that network operators take security measures to protect the network from unauthorized interference, damage and unauthorized access and prevent data from being divulged, stolen or tampered with. Network operators are also required to collect and use personal information in compliance with the principles of legitimacy,

properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. On August 20, 2021, SCNPC passed the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**PRC Personal Information Protection Law**”), which became effective on November 1, 2021. The PRC Personal Information Protection Law lays out the fundamental rules for the collection, storage, use, processing, transmission, provision, disclosure, deletion of personal information in China. The PRC Personal Information Protection Law further supplements the existing data protection regime previously established by the Cybersecurity Law and provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. The collection of personal information should be conducted in a disciplined manner with as little impact on individuals’ rights and interests as possible, and excessive collection of personal information is prohibited. Numerous regulations, guidelines and other measures have been and are expected to be adopted under the PRC Cyber Security Law and the PRC Personal Information Protection Law. Moreover, different regulatory bodies in the PRC, including the MIIT, the Cyberspace Administration of China (the “**CAC**”) and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with various standards and applications. Complying with these data privacy and protection laws, regulations, standards and requirements could cause us to incur substantial expenses or require us to alter or change our practices in a manner that could harm our business. We cannot assure you that our existing privacy and personal information protection system and technical measures will be considered sufficient under applicable laws and regulations, and we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

Besides, the Measures for Cybersecurity Review (網絡安全審查辦法) (the “**Cybersecurity Review Measures**”) stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users’ personal information when applying for a listing abroad. Such mandatory requirements of cybersecurity review are applicable to companies which are seeking a listing abroad and we are not required to initiate a submission for cybersecurity review in connection with this offering under the Article 7 of the Cybersecurity Review Measures, as we are not applying for a listing abroad. Although we are not applying for a listing abroad, we cannot assure you that governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us.

The Administration Governing the Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Cyber Data Security Regulations**”) provides cross-border data transmission security and cybersecurity review standards for listing abroad and in Hong Kong and the protection of important data and personal information rights. According to Article 73 of the Draft Cyber Data Security Regulations, data processors refer to individuals and organizations

that independently determine the purposes and methods of their data processing activities. If the listing in Hong Kong of a data processor affects or may affect national security, or if any other data processing activities of a data processor affect or may affect national security, the data processor shall, in accordance with relevant state provisions, apply for a cybersecurity review. Our legal advisors as to PRC law, Han Kun Law Offices, have advised us that the Draft Cyber Data Security Regulations is applicable to the data processing activities of our Company, if the draft regulations were to be implemented in their current form. However, the Draft Cyber Data Security Regulations does not provide the standard to determine the circumstances that would be determined to “affect or may affect national security.” As of the date of this Offering Circular, the Draft Cyber Data Security Regulations was released for public comments only and its final version and effective date are subject to change and uncertainty.

The regulatory regime on data privacy and security in China is relatively new. The interpretation and application of relevant laws, regulations and standards remain uncertain and evolving. We cannot assure you that governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. We may be subject to investigations and inspections by government authorities regarding our compliance with relevant laws and regulations. Any inability to adequately address data privacy and security concerns, even if unfounded, or to comply with applicable data security and privacy laws, regulations and standards, could result in additional cost and liability for us, damage our reputation and harm our business.

Changes in PRC economic, political and social conditions, as well as government policies, laws and regulations, could have a material adverse effect on our business, financial condition, and results of operations and prospects.

Substantially all of our business assets are located in the PRC and substantially all of our sales are derived from the PRC. Accordingly, our results, financial position and prospects are subject, to a significant degree, to the economic, political and legal developments of the PRC. Political and economic policies of the PRC government could affect our business and financial performance and may result in our being unable to sustain our growth.

In recent years, the PRC government implemented a series of policies, laws and regulations which imposed stricter standards with respect to, among other things, quality and safety control and supervision and inspection of enterprises engaged in payment and business services industry. See “*Regulation*” for more details. If the PRC government continues to impose stricter policies, laws and regulations on the payment and business services industry, we could face higher costs in order to comply with those policies, laws and regulations, which could impact our profitability.

The economy of the PRC differs from the economies of most developed countries in a number of respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange. The PRC government has been reforming its economic system, and has also begun reforming the government structure in recent years. Although these

reforms have resulted in significant economic growth and social progress, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our future business, financial condition and results of operations. Moreover, the PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. All of these factors could affect the economic conditions in the PRC and, in turn, our industry and us.

The PRC legal system is not fully developed, and there are inherent uncertainties that may affect the protection afforded to our business.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters such as foreign investment, business organization and governance, commerce, taxation and trade. However, interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as those in other jurisdictions. As these laws and regulations continue to develop in response to the ever-changing economic and other conditions, and due to the limited number of cases published and the non-binding nature, any particular interpretation of the PRC's laws and regulations may be unclear. Furthermore, we could not predict the future development of the PRC's legal system and its impact on our business operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to us than in more developed legal systems. Furthermore, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. Such uncertainties, including over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in the PRC, could materially and adversely affect our business and impede our ability to continue our operations.

The approval of, or filing with the CSRC or other regulatory authorities may be required in connection with this offering and future offering activities, and, if required, we cannot predict whether we will be able to obtain such approval.

The PRC government has recently indicated an intent to exert more control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies. We could be subject to potentially other regulatory authorities to pursue this offering. For example, on July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly promulgated the Opinions on Securities Activities. As a follow-up, on December 24, 2021, the CSRC issued the New Draft Overseas Listing Rules. Given the substantial uncertainties surrounding the latest CSRC filing requirements at this stage, we cannot assure you that, if ever required, we would be able to complete the filings and fully comply with the relevant new rules on a timely basis, if at all.

As these opinions are recently issued, official guidance and related implementation rules have not been issued yet and the interpretation of these opinions remains unclear at this stage. The relevant authorities may have wide discretion in the interpretation and enforcement of these laws and regulations, and we cannot assure you that any new laws or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from the CSRC or other regulatory authorities or other procedures are required for this offering, it is uncertain whether we can or how long it will take us to obtain such approval, submitting such filing documents or complete such procedures or whether any such approval or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, submit such filing documents or completing such procedures for this offering, or a rescission of any such approval obtained by us, would subject us to sanctions by the CSRC or other relevant authorities for failure to seek CSRC approval or other government authorization for this offering. These regulatory authorities may impose fines and penalties on our operations in China, suspend our relevant business or halt operation for rectification, revoke relevant business permits or operational license, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our Shares. The CSRC or other relevant authorities may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the Bonds offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery of the Bonds, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of the Bonds.

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management.

We are incorporated under the laws of the Cayman Islands, but substantially all of our assets and operations are located in the PRC. In addition, a majority of our Directors and senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may be difficult or impossible for you to effect service of process upon us or these persons, or to bring an action against us or these individuals.

On July 14, 2006, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement on Reciprocal Recognition and Enforcement of Judgments**”). Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment.

On January 18, 2019, the Supreme People’s Court and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement on Reciprocal Recognition and Enforcement of Judgments**”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement on Reciprocal Recognition and Enforcement of Judgments discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement on Reciprocal Recognition and Enforcement of Judgments will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement on Reciprocal Recognition and Enforcement of Judgments will, upon its effectiveness, supersede the Arrangement on Reciprocal Recognition and Enforcement of Judgments. Therefore, before the New Arrangement on Reciprocal Recognition and Enforcement of Judgments becomes effective, it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, the PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the U.S., the United Kingdom, Japan and most other European countries, and Hong Kong has no arrangement for the reciprocal enforcement of

judgments with the U.S. As a result, the recognition and enforcement in the PRC or Hong Kong of judgment of a court in the U.S. or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering to fund our business operations in the PRC.

Any loans or capital contributions that we, as an offshore entity, make to our PRC subsidiaries that are foreign-invested enterprises, including with the proceeds from this offering, are subject to PRC laws and regulations. Foreign-invested enterprises must register with SAFE or its local counterpart in order to obtain shareholder loans from the foreign investors. Furthermore, the foreign-invested enterprises must register with SAFE or its local counterpart for repayment of the foreign loans. In addition, foreign investors must register with SAMR or its local counterpart to make capital contributions to the foreign-invested enterprises and submit the investment information to the competent commerce department through the enterprise registration system and the national enterprise credit information publicity system.

We cannot assure that we can obtain the required government approvals or registrations on a timely basis, or at all, with respect to loans or capital contributions that we may make to our PRC subsidiaries. If we fail to obtain the approvals or registrations, our ability to use the proceeds from this offering to fund our operations in the PRC would be negatively affected, which would materially and adversely affect our liquidity and our ability to expand our business.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries may be used to pay dividends to our Company but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be

approved in advance by the SAFE. Limitations on the ability of our operating subsidiaries in the PRC to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions, pay dividends or otherwise fund and conduct our business.

Fluctuations in exchange rates of RMB against foreign currencies could result in foreign currency exchange losses.

The value of RMB against foreign currencies, including the Hong Kong dollar and the U.S. dollar, fluctuates and is subject to changes resulting from the PRC government's policies, and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

The proceeds from this offering will be received in U.S. dollars. As a result, any appreciation of the RMB against the U.S. dollars may result in a decrease in the value of our proceeds from this offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any interest payable on, the Bonds in foreign currency terms. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and interest payable on, the Bonds in foreign currency terms.

We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.

Under the EIT Law, which was last amended on December 29, 2018, and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. The SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (“**Circular 82**”) on April 22, 2009, which was last amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore

enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like ourselves, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seal, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of the PRC is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term "de facto management body." As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, then our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Bonds.

We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the SAT issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("Circular 7"), which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) ("Circular 698"), which was previously issued by the SAT on December 10, 2009 with retroactive effect from January 1, 2008, as well as certain other rules providing clarification on Circular 698. Circular 7

provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**").

For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company which directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as described above, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks to prove the existence of their economic substance; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject us to additional PRC tax reporting obligations or tax liabilities.

On October 17, 2017, the SAT issued the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (“**Circular 37**”), which became effective on December 1, 2017 and amended on June 15, 2018 and abolish Circular 698 as well as certain provisions in Circular 7. In accordance with the Circular 37, where the party responsible to deduct such income tax did not or was unable to make such deduction, the non-resident enterprise receiving such income should declare and pay the taxes that should have been deducted to the relevant tax authority.

We may be subject to penalties or sanctions, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries’ ability to make distributions to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with, and obtain approval from, local branches of the SAFE and/or their designated commercial banks in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) was promulgated by the SAFE in July 2014 and requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with the SAFE or its local branch or designated commercial banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch or commercial banks of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into PRC within a

period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. Failure by any such Shareholders to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

We are vulnerable to a severe or prolonged downturn in the Chinese or global economy.

COVID-19 continues to have a severe and prolonged negative impact on the Chinese and the global economy. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have negative economic effects. In particular, there is significant uncertainty about the future relationship between the U.S. and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE BONDS AND THE SHARES

The Bonds are unsecured obligations.

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by mandatory provisions of applicable law and, subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions, rank at least equally with all of its other present and future unsecured and unsubordinated obligations. The ability of the Issuer to fulfil its financial obligations may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganization or other winding-up proceeding;

- there is a default in payment under secured indebtedness or other unsecured indebtedness of the Issuer; or
- there is an acceleration of any indebtedness of the Issuer.

If any of these events occur, the assets of the Issuer may not be sufficient to pay amounts due on the Bonds.

The Company depends on the receipt of dividends.

As a holding company, the Company depends, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to make payments with respect to its obligations, including its obligations under the Bonds. The ability of subsidiaries and associated companies of the Company to pay dividends to their shareholders is subject to, among other things, the performance and profitability of such subsidiaries and associated companies, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies, if any. PRC laws and regulations require that dividends can only be paid out of the net income calculated according to PRC accounting standards and financial regulations in the PRC. In addition, PRC laws and regulations require companies incorporated in the PRC to set aside part of their net income as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Furthermore, some of our existing and future debt instruments may contain restrictions on our subsidiaries' ability to distribute dividends. As a result, we cannot assure you that the Company's subsidiaries and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to the Company as anticipated, or at all, and that the Company will have sufficient cash flow to satisfy its obligations.

Risks attached to the exercise of Conversion Rights.

At any point when the Bonds are outstanding, depending on the performance of the Shares, the value of the Shares may be substantially lower than when the Bonds were initially purchased. In addition, because there will be a delay between when Conversion Rights (as defined in the Terms and Conditions) are exercised and when Shares are delivered, the value of the Shares to be delivered may vary substantially between the date on which Conversion Right are exercised and the date on which such Shares are delivered.

Securities law restrictions on the resale and conversion of the Bonds may limit Bondholders' ability to sell the Bonds in the United States.

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon

conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on Regulation S. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The Bondholders may be subject to tax on their income or gain from the Bonds.

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. Please refer to “Taxation” for a discussion of tax consequences in certain jurisdictions.

The market value of the Bonds may fluctuate.

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganisations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments in the PRC could have a material and adverse effect on the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur, may adversely affect the prevailing market price of the Shares and the Bonds.

The return on the Bonds may decrease due to inflation.

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

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

Each potential investor in the Bonds must determine the suitability of that investment in the Bonds in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it: (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement; (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or distributions is different from the currency in which the potential investor's financial activities are principally denominated; (iv) understands thoroughly the terms of the Bonds and is familiar with the behavior of any relevant indices and financial markets; and (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Bonds may be redeemed early at the Issuer's option.

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with the Terms and Conditions, the Issuer may redeem the Bonds all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount together with any interest accrued but unpaid up to but excluding the Optional Redemption Date (if any): (i) at any time after August 13, 2025, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate), for 20 out of 30 consecutive Trading Days (as defined in the Terms and Conditions), the last of which occurs not more than five Trading Days prior to the date of the Optional Redemption Notice, was at least 150% of the Conversion Price (as defined in the Terms and Conditions) (translated into U.S. dollars at the Fixed Exchange Rate (as defined in the Terms and Conditions)) then in effect; or (ii), at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion

Rights (as defined in the Terms and Conditions) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued.

In addition, the Bonds may be redeemed at the option of the Issuer in whole and not in part, on giving not less than 30 days' nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agents, at its principal amount together with interest accrued but unpaid up to but excluding such date (if any), if the Issuer has or will become obliged to pay Additional Tax Amounts as a result of certain events set out in the Terms and Conditions and such obligation cannot be avoided by the taking reasonable measures available to it.

As a result, the trading price of the Bonds may be affected when any redemption option of the Issuer becomes exercisable. Accordingly, the Bondholders may not be able to sell their Bonds at a price which they deem attractive, thereby having a material adverse effect on the trading price and liquidity of the Bonds.

Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.

We will pay principal on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Issuer's articles requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the

date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, the Terms and Conditions contain a cross default provision, and the Issuer's future debt agreements may contain, cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's or such subsidiary's other debt agreements. If any of these events occur, there is no assurance that the Issuer would have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, it could not guarantee that such financing would be on terms that are favorable or acceptable to the Issuer.

The Issuer may issue additional bonds in the future.

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in the Conditions in relation to the NDRC Post-Issuance Filing) (as described in "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

Changes in market interest rates may adversely affect the value of the Bonds.

Investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Short selling of the Shares by purchasers of the Bonds could materially and adversely affect the market price of the Shares.

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions, such as the Concurrent Equity Offering. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

Future issuances of Shares or equity-related securities may depress the trading price of the Shares.

Any issuance of the Issuer's equity securities after this offering of the Bonds could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt to equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair the Issuer's ability to raise capital through the sale of additional equity securities. There is no restriction on the Issuer's ability to issue bonds or the ability of any of the Issuer's shareholders to dispose of, encumber or pledge the Shares, and there can be no assurance that the Issuer will not issue bonds or that the Issuer's shareholders will not dispose of, encumber, or pledge the Shares. The Issuer cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

Bondholders will bear the risk of fluctuations in the price of the Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares and it is impossible to predict whether the prices of the Shares will rise or fall. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. The Issuer's results of operations, financial condition, future prospects and business strategy could affect the value of the Shares. The trading price of the Shares will be

influenced by the Issuer's operational results and other factors, such as changes in the regulatory environment that may affect the markets in which the Issuer operates and capital markets in general. Corporate events such as share sales, reorganizations, takeovers, or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.

The conversion of some or all of the Bonds will dilute the ownership interests of existing shareholders. Any sale in the public market of the Shares issuable upon such conversion could affect prevailing prices for the Shares.

Holders have limited anti-dilution protection.

The conversion price of the Bonds will be adjusted only in the situations and only to the extent provided in the "*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price.*" There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. In particular, unless provided for in the Terms and Conditions, there is no conversion price adjustment when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any of its Subsidiaries pursuant to any share option, share award, restricted share or employee share incentive scheme or plan (and which such scheme or plan is in compliance with the listing rules of the Relevant Stock Exchange (as defined in the Terms and Conditions)). Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

The Bonds contain provisions regarding modification and waivers, which could affect the rights of Bondholders.

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Bonds, including holders of Bonds who did not attend and vote at the relevant meeting and holders of Bonds who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interest of individual holders of the Bonds. In addition, an Extraordinary Resolution (as defined in the Terms and Conditions) in writing signed by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holder of Bonds duly convened and held.

The Terms and Conditions also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement, the Bonds or the Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (b) any other modification of any of the provisions of the Trust Deed, the Agency Agreement, the Bonds or the Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement, the Bonds or the Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, determine any Event of Default (as defined in the Terms and Conditions) or Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The insolvency laws of the Cayman Islands and other local insolvency laws applicable to us may differ from those of any other jurisdictions with which holders of the Bonds are familiar.

Because the Issuer is incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve insolvency laws of the Cayman Islands, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions.

The Issuer conducts substantially all of its business operations through the PRC Consolidated Entities and its PRC subsidiaries in China. The PRC Consolidated Entities and the Issuer's PRC subsidiaries are subject to the bankruptcy and insolvency laws of the PRC. The laws and

regulations relating to bankruptcy and insolvency in the PRC and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before investing in the Bonds.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before taking action on behalf of Bondholders.

In certain circumstances (including, without limitation, the giving of notice and the taking of steps and/or actions and/or instituting proceedings as requested or directed by the Bondholders pursuant to Conditions 10 (*Events of Default*) and 15 (*Enforcement*) of the Terms and Conditions), the Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any actions and/or steps and/or institutes proceedings on their behalf. The Trustee will not be obliged to take any such actions and/or steps and/or to institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions and/or steps can be taken or when such proceedings can be instituted. Further, the Trustee may not be able to take or institute such actions, steps or proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions or in circumstances where there is uncertainty or dispute as to whether such actions and/or steps and/or proceedings are in compliance with applicable laws and regulations. In such circumstances, to the extent permitted by any applicable agreements or applicable laws, it will be for the Bondholders to take such actions and/or steps and/or to institute such proceedings directly.

The Issuer may be unable to obtain and remit foreign currencies out of China.

The Issuer's ability to satisfy its obligations under the Bonds will be affected by its ability to obtain and remit sufficient foreign currency. The Issuer must present certain documents to SAFE, its authorised branch, or the designated foreign exchange bank, for registration before it can obtain and remit foreign currencies out of China, including, in the case of dividends, the resolution of the board of directors and evidence that the relevant PRC taxes have been paid. If the Issuer for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, it may affect the Issuer's ability to satisfy its obligations under the Bonds in a timely manner.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds. However, the Issuer cannot assure investors as to the liquidity of the Bonds, that an active trading market will develop, or that the Issuer will be able to maintain a listing of the Bonds on the Hong Kong Stock Exchange. If such a market were to develop, the Bonds could

trade at prices that may be higher or lower than the initial price depending on many factors, including (i) prevailing interest rates and the market for similar securities; (ii) general economic, market and political conditions; our financial condition, financial performance and future prospects; (iv) the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to us; and (v) changes in the industry and competition affecting us. In addition, one or more initial investors in the Bonds may purchase a significant portion of the aggregate principal amount of the Bonds pursuant to the offering. The existence of any such significant Bondholder(s) may reduce the liquidity of the Bonds in the secondary trading market. Accordingly, no assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. The Joint Lead Managers are not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic, social and political conditions nationally or internationally could cause the price of the Bonds to change, which could result in material adverse changes in the market conditions of Hong Kong and in turn could affect the liquidity and price of the Bonds. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. We cannot assure you that these developments will not occur in the future.

Claims by holders of the Bonds are structurally subordinated to creditors of the Issuer's subsidiaries.

We are a holding company with no material operations. Payments with respect to the Bonds are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

Our primary assets are ownership interests in our subsidiaries. The Issuer's ability to make payments in respect of the Bonds depends largely upon the receipt of dividends from our subsidiaries. The ability of the Issuer's subsidiaries to pay dividends and other amounts to it may be subject to their profitability and applicable laws and regulations. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of our subsidiaries. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Bonds. As a result, our

payment obligations under the Bonds are effectively subordinated to all existing and future obligations of such subsidiaries, and all claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Bonds.

The Bonds will initially be held in book-entry form, and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Bonds will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Global Certificate representing the Bonds will trade in book-entry form only, and securities in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Bonds for purposes of the Bonds. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the Global Certificate. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for the Clearing Systems, for distribution to their account holders. Accordingly, investors must rely on the procedures of Euroclear or Clearstream, and if an investor is not a participant in Euroclear or Clearstream, on the procedures of the participant through which such investor owns an interest, to exercise any rights and obligations of a holder of the Bonds under the Bonds. Upon the winding-up of the Issuer, unless and until definitive registered certificates are issued with respect to all book-entry interests, if an investor owns a book-entry interest, it will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Bonds. See “*Terms and Conditions of the Bonds*”.

Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

On September 14, 2015, the NDRC promulgated the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Circular**”), which came into effect on the same day. According to the NDRC Circular, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issuance (the “**Pre-Issuance Registration Certificate**”). In addition, the enterprise must also report certain details of the bonds to the NDRC within 10 business days of the completion of the bond issue (the “**NDRC Post-issue**”).

Filing”). The Issuer obtained the Pre-Issuance Registration Certificate in respect of the offering of the Bonds from the NDRC on May 27, 2022, and has undertaken to file the NDRC of the particulars of the issue of the Bonds within 10 business days after the Issue Date. The administration, interpretation and implementation of the NDRC Circular may be subject to a certain degree of uncertainty as well as executive and policy discretion by the NDRC. As a result, there can be no assurance that the NDRC Post-issue Filing may be completed by the Issuer within the prescribed time frame or at all. Accordingly, there is a risk that any failure by the Issuer to complete the NDRC Post-issue Filing in accordance with the prescribed time frame (including as a result of reasons outside of the Issuer’s control) may have an adverse impact on the Issuer and/or the Bonds. Failure to comply with the post-issuance filing requirement may result in the relevant entities being put on the credit blacklist in the PRC and subject them to credit-related sanctions. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for the Bonds.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the Joint Lead Managers' commissions and other estimated expenses payable in connection with this offering, will be approximately U.S.\$68.1 million.

We intend to use the net proceeds from this offering in the following manner:

- (i) approximately 80% of the net proceeds will be used for the expansion of the Group's overseas business, including cross-border e-commerce foreign exchange/RMB collection and payment business, acquiring and mobile payment business, SaaS digital solution and in-store e-commerce services and for new business opportunities to accelerate the Group's development in upstream and downstream industries; and
- (ii) approximately 20% of the net proceeds will be used to strengthen the Group's competitiveness in the PRC such as product research and development, marketing and promotion and recruitment to further establish and reinforce the commercial digitalized ecosystem of the Group.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as at December 31, 2021 on an actual basis and as adjusted basis after giving effect to the issuance of the Bonds in this offering, before deducting the commissions and other estimated expenses of this offering payable by us. The following table should be read in conjunction with the consolidated financial statements and the accompanying notes included in this Offering Circular.

<i>(in thousands)</i>	As at December 31, 2021			
	Actual		As adjusted	
	<i>RMB</i>	<i>US\$</i> (unaudited)	<i>RMB</i> (unaudited)	<i>US\$</i> (unaudited)
Cash and cash equivalents	2,057,872	322,925	2,057,872	322,925
Current borrowings	509,500	79,952	509,500	79,952
Total current borrowings	509,500	79,952	509,500	79,952
Non-current borrowings				
— Bonds to be issued ⁽²⁾	—	—	446,082	70,000
Total non-current borrowings	—	—	446,082	70,000
Total equity	3,200,671	502,255	3,200,671	502,255
Total capitalization	3,200,671	502,255	3,646,753	572,255

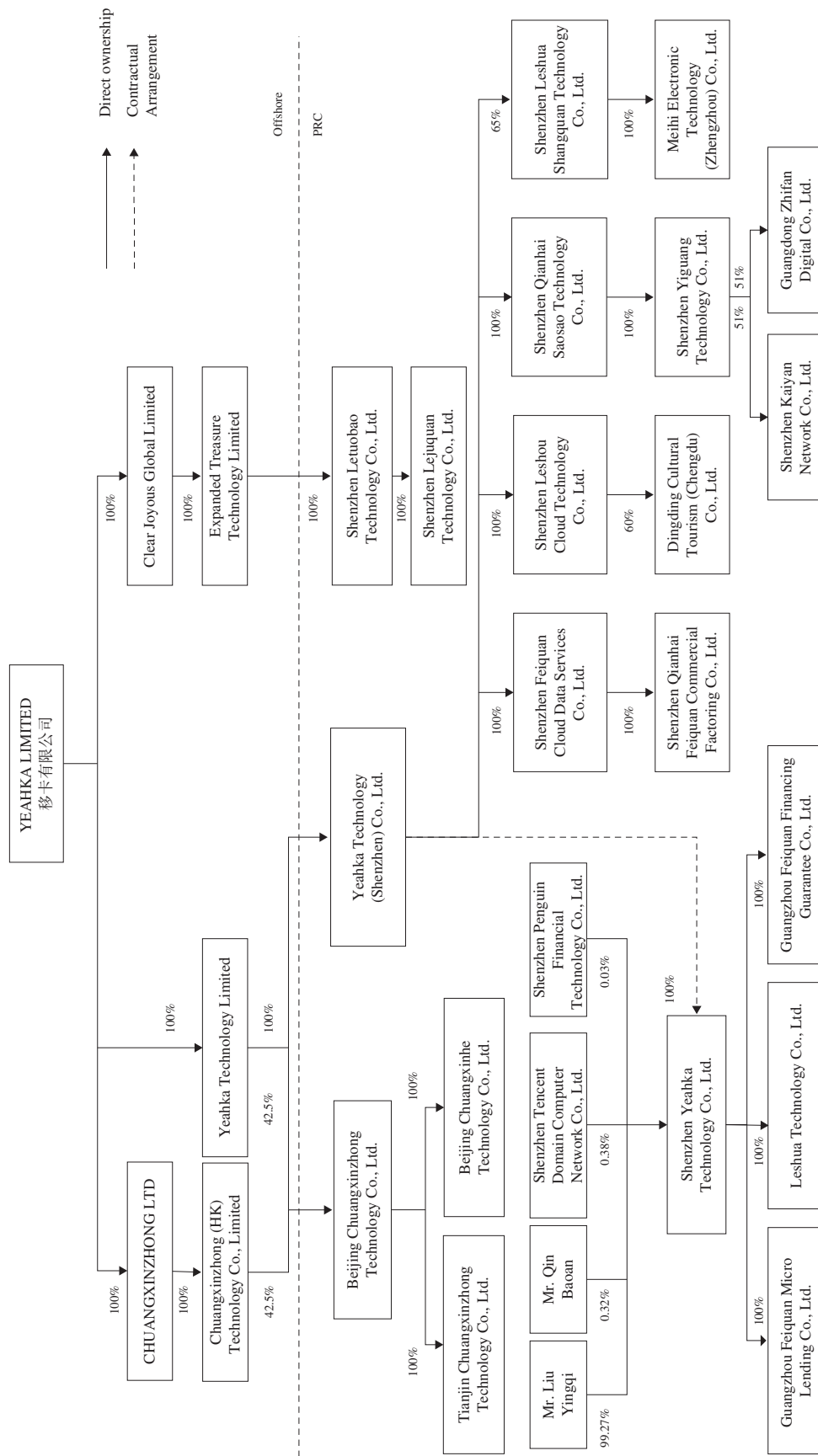
Notes:

- (1) Total capitalization includes total non-current borrowings and total equity.
- (2) The Bonds to be issued should be bifurcated into and separately accounted for as debt component and equity or derivative liability component according to International Financial Reporting Standards. For illustrative purposes only, the initial proceeds from issuance of the Bonds as a whole have been presented as the Bonds to be issued under “Non-current borrowings” in the above table.

Except as otherwise disclosed above, there has been no material change in our capitalization and indebtedness since December 31, 2021.

CORPORATE STRUCTURE

The following chart shows the Group's simplified corporate structure as at December 31, 2021:



BUSINESS

OVERVIEW

Our Mission

Our mission is to continuously create value for merchants and consumers.

Who We Are

We are a leading payment-based technology platform in China, providing payment, merchant and local lifestyle solutions to merchants and consumers. As of December 31, 2021, we were one of the only 20 payment service providers that were granted both the national bank card acquiring license and mobile phone payment license. We have one of the largest third-party payment service customer bases in China, and it is growing rapidly. According to the Thematic Analysis on Industrial Payment in China in 2021 (《中國產業支付專題分析2021》) published by Analysys, we ranked first among non-bank independent QR code payment service providers in China, in terms of comprehensive capabilities, including transaction volume and the number of merchants served.

Payment is at the heart of commerce and the foundation of our technology. Every payment creates an opportunity for us to better understand our customers, and provide them with continuously improving products, services, and technologies. We acquire customers via the provision of payment services and offer them with merchant solutions and in-store e-commerce services. Our value proposition is an independent and scalable commercial digitalized ecosystem that enables seamless, convenient, and reliable payment transactions between merchants and consumers, complemented with a rich variety of value-added services. Our platform provides merchants with one-stop access to a wide variety of payment methods and channels, allowing consumers to pay with their preferred methods and channels, thus enhancing the transaction experience. Currently, our QR code payment services support payments from over 500 issuer's mobile apps, including WeChat Pay, Alipay or Mobile QuickPass, covering most of the e-wallets in China. Leveraging our vast customer base and data assets accumulated from payment services, we provide merchant solutions including SaaS digital solutions, precision marketing services, and fintech services to help merchants better manage and drive business growth. In addition, we also introduced in-store e-commerce services in December 2020, providing consumers with a wide array of local lifestyle products and services.

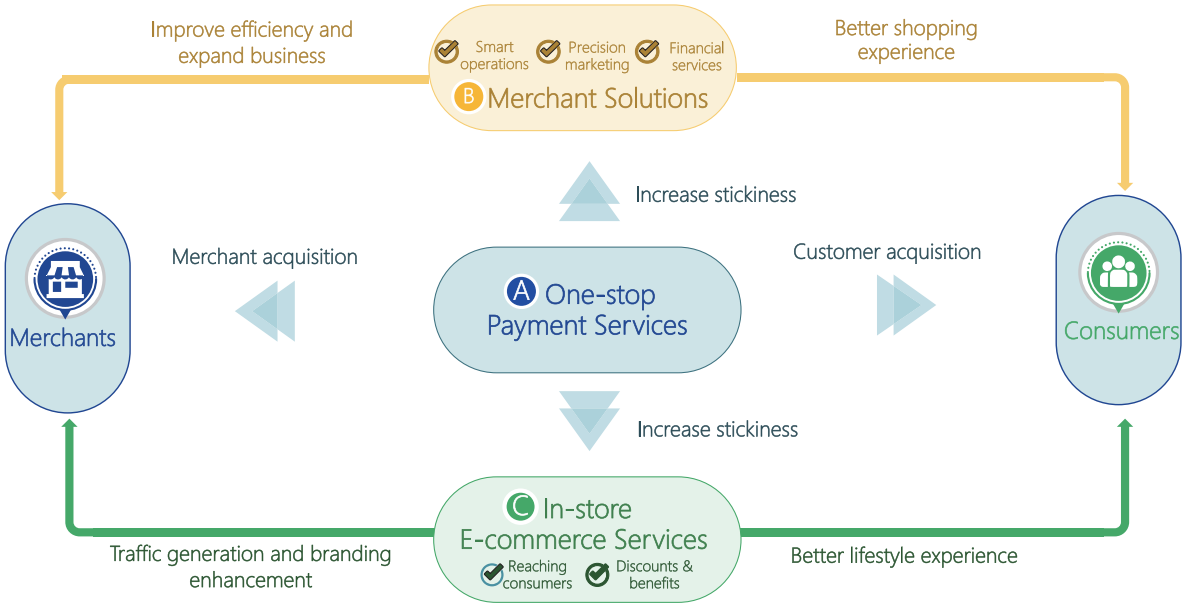
Our Market Opportunities

We are well-positioned to capture the massive opportunities from the third-party payment market. According to iResearch, in 2021, transaction volume of the third-party mobile payment market is estimated to reach RMB288 trillion, and is expected to further grow at a CAGR of 12.9% from 2020 to 2025. Further, the penetration rate of integrated payment in 2021 is estimated

to be only 29.6%, indicating significant room for future growth. Our foothold in the payment market also enables us to access broader markets, including the market of integrated payment-based digital services for SMEs, and the local lifestyle services market. According to iResearch, the size of the market of integrated payment-based digital services for SMEs is estimated to reach RMB75.4 billion in 2021, and is expected to grow at a CAGR of 31.4% from 2020 to 2025. Among others, in 2020, the penetration rate of self-operated takeaway mini-programs was merely 0.8%. In addition, the size of local lifestyle services market is estimated to reach RMB24 trillion in 2021 and is expected to grow at a CAGR of 12.6% from 2020 to 2025, according to iResearch. The online penetration rate of local lifestyle services is expected to grow to 30.8% in 2025.

Our Ecosystem

One-stop payment services is the entry point for merchant and consumer traffic, which is the basis for building our commercial digitalized ecosystem, providing an important pivotal point for our merchant solutions and in-store e-commerce businesses. The diagram below sets forth our ecosystem and the interaction among its major participants:



Starting from payment, we accumulate three key resources to support our platform proposition. First, our long and stable business relationships with customers, which developed through payment services, create entry points where we could extend our services above and beyond payment. Second, the critical assets we capture through payment services, consisting of vast customer base, massive data assets accumulated, deep understanding of customers’ behaviors, and customers’ adoption of our intelligent payment devices, create opportunities for synergies and

new products. Third, the continuously enhanced technology capabilities we accumulated from the provision of payment services foster the development of our innovative service offerings. We consider payment as the fulcrum to leverage these key resources and tap into the broader markets.

We are a pioneer among independent third-party payment service providers in offering value-added services to customers. Led by a management team with strong background in technology and payment, we are able to integrate technology into our service portfolio and provide merchant customers with services beyond payment. Our merchant solutions cater to merchant customers' needs for digital solutions in operations, while also enabling them to enhance consumers' shopping experience. Having self-developed or co-developed most of our merchant solutions has allowed us more control over the cohesiveness of our services, and to better target at specific business and operation needs outside the payment realm. Owing to the cohesiveness among our services, most of our merchant solution customers were converted from payment service customers. As of December 31, 2021, we had converted 18% of our payment service customers into merchant solution customers, indicating significant runway for future growth. The cohesiveness of our payment and merchant solutions also increases merchant customers' stickiness to our ecosystem. As a result, the number of our merchant solution customers grew from 0.4 million in 2019 to 0.9 million in 2020, and further to 1.4 million in 2021. In 2019, 2020 and 2021, we generated 7.8%, 20.2% and 21.0% of our revenue, and 18.1%, 35.0% and 46.9% of our gross profit from our merchant solutions, respectively.

In December 2020, we introduced in-store e-commerce services to further enhance the nexus between merchants and consumers in our ecosystem. We enrich consumers' shopping experience and bring them a wide array of lifestyle products and services on one hand, and drive merchants' business growth by generating consumer traffic and enhancing their brands on the other. In-store e-commerce services have developed rapidly since its introduction, with the number of paying consumers reaching 5.2 million in 2021, and the number of registered key opinion leaders reaching 3.7 million as of December 31, 2021. In-store e-commerce services contributed to 4.8% of our revenue and 6.5% of our gross profit in 2021, respectively.

Leveraging our rapidly expanding payment service customer base, we cross-sell our merchant solutions and in-store e-commerce services at minimal incremental costs. A growing number of our payment service customers and consumers also become customers of our merchant solutions and in-store e-commerce services. For the year ended December 31, 2021, we recorded gross payment value, or GPV of RMB2,124.2 billion, growing 45.5% from the same period in 2020. In 2021, our active payment service customers amounted to 7.3 million, increasing from 5.5 million in 2020. Based on the unique user identification recorded in our system, each representing a consumer account that has made payments via our platform (multiple transactions made by a single account will only be counted as one consumer), in 2021, we served 945 million consumers via our payment services, growing from 645 million in 2020.

Our Business Model

Our principal business lines include:

- *One-stop payment services*, which consist of (i) app-based payment services where we enable our customers to accept payments using our mobile apps, or when consumers pay our merchant customers through third-party e-wallets, and (ii) traditional payment services, where we enable customers to accept non-cash payments that do not belong to app-based payments, including accepting card payments with traditional payment terminals; and
- *Merchant solutions*, which consist of a rich variety of value-added services, including (i) SaaS digital solutions, which help customers improve their operational efficiency, (ii) precision marketing services, which is provided primarily via a payment-based advertising platform, allowing customers to effectively reach their target markets, and (iii) fintech services, which cater to our customers' financial needs.
- *In-store e-commerce services*, where we enable merchants to provide consumers with interactive and immersive shopping experience, and access to a wide array of featured lifestyle products and services of great value.

We have experienced significant growth. Our revenue increased from RMB2,258.0 million in 2019 to RMB3,058.6 million in 2021, representing a CAGR of 16.4%. Our GPV increased from RMB1,500.3 billion in 2019 to RMB2,124.2 billion in 2021, with a CAGR of 19.0%.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths contribute to our success and differentiate us from our competitors.

A leading payment-based technology platform for merchants and consumers

Our clear leading position in one-stop payment services has laid solid foundation for our continuing success. We ranked first among non-bank independent QR code payment service providers in China in 2021, in terms of comprehensive capabilities, including transaction volume and the number of merchants served, according to the Thematic Analysis on Industrial Payment in China in 2021 (《中國產業支付專題分析2021》) published by Analysys. Built upon our over a decade of know-how accumulated from the payment industry, we have developed a scalable and highly compatible payment infrastructure platform that can significantly increase payment connection efficiency for merchants. As of December 31, 2021, we had established partnership with over 2,000 partners including SaaS providers, independent software vendors, fourth-party payment service providers, and financial institutions, covering a broad range of industry verticals,

such as food and beverage, retail, parking, refueling, bike-sharing, internet cafes, tourist attractions, hotels, and vending machines. Our app-based payment services allow merchants to easily and conveniently accept payments from multiple e-wallets, such as WeChat Pay, Alipay or Mobile QuickPass, significantly improving transaction efficiency. Our platform is supported by our extensive channel network, which, as of December 31, 2021, covered 30 provinces and 324 cities in China, with nearly 15,000 independent sales agents, 95 bank partners and over 2,000 cloud payment platform partners. Our penetration in low-tier cities through our extensive channel network is a key differentiator from our competitors. As a first mover in the payment industry, we have built a massive customer base, and continued to demonstrate strong growth trajectory. In 2021, the number of our active payment service merchants and consumers reached via one-stop payment services both recorded historical highs of 7.3 million and 945 million, increasing by 32.5% and 46.5% year-on-year, respectively. In 2021, our GPV increased significantly by 45.5% year-on-year to RMB2.1 trillion. The significant increase in our transaction volume, number of merchants and consumers are testaments to our stable system processing capabilities and effective expansion strategies.

The third-party mobile payment market has massive opportunities. As China's economy gradually recovers from the Pandemic, a wave of digital transformation has been emerging, and we are poised to capture the growth. According to iResearch, the size of the third-party mobile payment market in China is expected to reach RMB456.2 trillion by 2025, with a CAGR of 12.9% from 2020 to 2025. As of December 31, 2021, the penetration rate of integrated payment in China is estimated to be around 29.6%, with significant room for further growth. With our loyal and massive customer base, we are well positioned to lead and go beyond payment amid the ongoing digital transformation of the China economy.

A unique and scalable commercial digitalized ecosystem

One-stop payment services is our entry point to merchant traffic, which is the basis for building our commercial digitalized ecosystem, providing an important pivotal point for our merchant solutions and in-store e-commerce services. Starting from payment, we have accumulated a massive and loyal merchant base, which translate into broad customer source for our merchant solutions and in-store e-commerce services. We have fully integrated our merchant solutions and in-store e-commerce services modules into our payment platform to provide a seamless experience for merchants, providing synergies and cross-selling opportunities among participants in our ecosystem, forming a flywheel that leads to more traffic and business for merchants and better experience for consumers. For merchants, we seamlessly connect them with consumers through our one-stop payment service and offer them with merchant solutions to better manage and drive business growth. Among others, as of December 31, 2021, we had developed over 100 proprietary function modules and 15 ecosystem partner function modules, including scan-to-order, customer relation management, cashier, and invoicing management.

We have further introduced in-store e-commerce services to tap into the consumer market, forming a B2B2C closed-loop between merchant and consumer ends, with a unique value proposition. On the consumer end, we provide them with a more interactive and immersive shopping experience and an abundant selection of local lifestyle products and services at affordable prices. We offer over 159,000 highly selected SKUs through best-in-value supply chain supported by our loyal and massive merchant base, where consumers received push from precise marketing enabled by algorithm. Through our strong content creation capabilities, we develop a closed-loop where consumers are attracted by precise content offering created by over three million key opinion leaders, and retained by our premium offerings on valuable and enjoyable local experience. Our proprietary apps and social media platforms help direct traffic from both and private and public domain to our merchants based on our advanced algorithms and big data analytics, and we retain and grow these private traffic through our highly interactive social group. On the merchant end, we help them gain a deeper understanding of market trends and consumer behavior, and reach hundreds of millions of consumers in China. We operate through CPS model that closely aligns merchants' interests with ours. Merchants can enjoy concentrated traffic direction from our platform. Our ecosystem demonstrates our ability to effectively leverage our existing resources and capabilities in our vast ecosystem to create value for its participants.

Rapidly growing customer base with high margin profile through services beyond payment

We have been able to grow our customer base with high margin profile by cross-selling our services at minimal marginal customer acquisition cost, and continuously increase merchant adoption and retention rate. Our gross profit increased by 9.5% from RMB743.7 million in 2020 to RMB814.6 million in 2021, primarily as a result of the strong growth from high margin business lines, including merchant solutions and in-store e-commerce services.

Our merchant solutions have achieved high conversion rate and now become one of our key profit sources. As of December 31, 2021, 18% of our merchant solution customers were converted from payment service customers at minimal incremental acquisition costs. The number of our active merchants in 2021 has more than doubled that in 2020, reaching 1.4 million. Merchant solutions have become a new growth driver, gross profit contribution of which increased from 18.1% in 2019 to 46.9% in 2021, with its gross margin reaching 59.5% in 2021.

Our in-store e-commerce services have also recorded significant growth since its introduction in December 2020. The GMV of in-store e-commerce services in the first quarter of 2022 had reached RMB560 million, surpassing GMV of RMB398 million for the full year of 2021. In 2021, this new business line already contributed 6.5% of our gross profit, with a gross profit margin of 35.9%.

Resilient business model supported by nationwide coverage

In 2020, despite impact of the Pandemic, the number of our active payment service merchants, and consumers served via payment services both continued to increase. Our payment services rapidly recovered and achieved growth since the second quarter, and particularly in the second half of 2020, with the GPV and revenue from one-stop payment services in the second half of 2020 increasing by 30.0% and 6.7%, respectively, as compared to that in the first half of 2020. By the end of October 2020, the number of our active payment service merchants had rebounded to pre-Pandemic level. During this critical time, we seized the opportunity to continuously promote digital upgrades and industry integration by launching new products and services that create value for both merchants and consumers.

In the first quarter of 2022, despite the resurgence of COVID-19 in certain regions of China, our GPV from payment services still recorded strong growth. Payment service is a daily necessity and we had covered 324 cities in China as of December 31, 2021, with relatively low concentration in any single region or city. The regional resurgence of COVID-19 had relatively limited impact on our business, as each of Shanghai and Beijing accounted for less than 3% of our GPV in 2021. As a result, we demonstrated resilient growth in the first quarter of 2022, with our GPV from one-stop payment services reaching RMB544.6 billion, representing a year-on-year growth of 18.2%, and our GMV from in-store e-commerce services reaching RMB560 million.

Through unique insights of our over 2,000 product and customer success specialists into local markets, we have been able to obtain timely market intelligence, and proactively respond to emerging needs and demands of our merchants amid the Pandemic, by providing them with suitable products and services. Due to the Pandemic, certain consumption habits, such as contactless self-ordering, have gained popularity, and demands from small and medium merchants for technological upgrades have been increasing. For example, during the Pandemic, when some of our merchants faced sluggish in-store operating results and were on the brink of closing, we rapidly launched “integrated food delivery” service for merchants, which intelligently matches delivery resources across different platforms. The increased delivery capabilities and lowered delivery costs allow small and medium merchants to operate across multiple channels and reduce operating loss brought by the Pandemic. The timely upgrades of our merchant solutions demonstrate the flexibility of our products and services, as well as our deep local expertise.

Leading technological and risk management capabilities

We are led by a team of experienced technology professionals with extensive payment and technology background in China. Our research and development expenses increased by 88.2% from RMB127.8 million in 2020 to RMB240.4 million in 2021. As of December 31, 2021, we had a team of 465 staff dedicated to research and development. Our products team members also contribute to the research and development by bringing in practical insights and exploring customers’ needs.

Leveraging our robust technology infrastructure, we have developed in-house our proprietary technologies and private cloud, which form the basis for our integrated technology platform. Our platform can securely process a massive volume of transactions, has a high level of automation and stability, and is easily scalable. We use scalable API ports to develop a partner ecosystem, so that merchants can seamlessly connect to other technology vendors through our merchant solutions platform. Currently, our platform is capable of processing over 100 million transactions per day, with a peak processing capability of over 10,000 transactions per second.

Leveraging the scale of data assets we accumulated from providing payment services, together with our data analytics and artificial intelligence capabilities, we have constructed a robust and dynamic risk management system. Our sophisticated anti-fraud system automatically analyzes multi-dimensional information to evaluate and minimize fraud exposure. It promptly identifies and intercepts fraudulent and suspicious transactions. In 2021, our fraud loss rate, which represents the loss due to transactions denied by cardholders, was 0.000022%, which was primarily achieved by integrating AI-powered graphic recognition and bio-recognition technologies into our payment services and merchant SaaS products.

Visionary and seasoned management, with proven track record and strong shareholder support

Our visionary management team commands strong operational experience in China technology powerhouses, and extensive expertise in the payment industry. With their leadership and extensive background in technology and payment, we will continue to pioneer, innovate, and serve customers by addressing their needs. Our chairman and chief executive officer, Mr. Liu was the general manager of TenPay since its incorporation. During his tenure, TenPay grew to become the second largest online payment company in China. Mr. Liu has over 22 years of experience in third-party payment and technology industry. Our chief architect, Mr. Luo Xiaohui, worked at Tencent Technology (Shenzhen) Co. Ltd (騰訊科技(深圳)有限公司) as its deputy director of development center prior to joining us.

Further, we are backed by marquee investors. For example, we have leveraged Recruit Holdings' resources to introduce various innovative products. In July 2015, we collaborated with Recruit Holdings to introduce Smart Shopkeeper, an integrated restaurant management solution, comprising an intelligent ordering machine and customized restaurant management apps, that connects in-store management data and provides real-time business update to address various needs of the catering industry. We also actively collaborate with Recruit Holdings to explore potential opportunities in overseas markets.

We attract, cultivate and retain talents by continuing to adopt a lean and flat organization structure to encourage employees responsibilities and personal growth, as well as offer upward mobility, and career flexibility to attract talents in the market. We have established a dual-track career path that separately assesses managerial and technical talents, enhancing opportunities for

personal development and career advancement. Our management team and employees, with years of financial and technology experience accumulated from payment, SaaS and e-commerce industries, have a thorough understanding of merchant and consumer needs, and are well positioned for building a unique and scalable commercial digitalized ecosystem.

OUR STRATEGIES

We will pursue the following strategies to further expand our business.

Continue to scale up our ecosystem and enrich our product and service matrix

We will continue to lead and innovate in China's third-party payment market. Our target is to build and further scale up our unique commercial digitalized ecosystem.

For payment business, we will continue to expand our merchant base to further enhance the traffic base of our commercial digitalized ecosystem. To utilize the self-reinforcing network effect of our payment business, we will continue to promote and nurture the adoption of our merchant solutions by small and medium merchants, increase the influence of our in-store e-commerce services among consumers, driving benefits for all relevant stakeholders in our ecosystem, and strengthen the monetization of our data and traffic.

We are actively exploring the integration of our cohesive ecosystem and metaverse-related technologies. For example, utilizing augmented reality and blockchain technologies, we helped merchants launch leisure games to attract consumers and stimulate repeat purchases.

We will continue to proactively respond to the demands from merchants and consumers, strategically leverage resources in our ecosystem, and enrich our product and service matrix to extend our business boundaries and seize emerging opportunities.

Strategically expand into East Asia and Southeast Asia

Having witnessed an increasing penetration rate of payment and digital services in the overseas markets, we plan to launch our services in the East Asia and Southeast Asia markets.

We have acquired deep know-hows, industry experience and insights through our over a decade of experience in providing payment, merchant solutions, in-store e-commerce services, and other products and services to merchants and consumers. China. We plan to leverage our experience and strengths to establish a global digital business ecosystem with a deep presence overseas. Starting from obtaining the relevant licenses and qualifications in Singapore and other regions, we plan to expand into the oversea markets by introducing payment services, and subsequently our merchant solutions, in-store e-commerce services and other products and services into these foreign markets.

Continue to invest in research and development and enhance efficiency

We believe our core competence is our advanced technologies and platforms that allow us to further enhance experience for our merchants and consumers.

Going forward, we will continue to invest in the research and development of cutting-edge technologies, in particular, our proprietary cloud infrastructure, machine learning technology, big data analytics, image and video recognition technology, to stay at the forefront of the third-party payment industry. We will further strengthen our in-house research and development capabilities through acquisition of talents in the field of IT engineering from reputable universities and well-established Internet and software companies.

In addition to internal organic growth, we will also actively seek opportunities to acquire or form strategic alliances with companies that complement and strengthen our existing platforms through their capabilities in big data analytics, artificial intelligence, and other innovative technologies.

Continue to promote ESG development

We are committed to building a lasting brand, and we believe that our long-term success depends on our ability to make a positive impact on our environment and society. We consider corporate social responsibilities part of our core growth philosophy, which will be pivotal to our ability to create sustainable value for our Shareholders. We will continue to promote environmental, social, and corporate governance, or ESG, development with a view to achieve sustainable growth of our business.

Accordingly, our Board has adopted a comprehensive policy on ESG responsibilities, which sets forth our corporate social responsibility objectives and provide guidance on practicing corporate social responsibility in our daily operations. On March 31, 2022, we established an ESG committee, which comprised Mr. Liu Yingqi, chairman of the Board and chief executive officer, Mr. Yao Zhijian, executive Director and chief financial officer and Mr. Yao Wei, independent non-executive Director, and chairman of the Audit Committee of the Board. Mr. Liu Yingqi has been appointed as the chairman of the ESG Committee. Our ESG Committee will assist the Board in guiding and supervising the development and implementation of ESG works to ensure compliance with relevant legal and regulatory requirements. We will seek to cultivate our ESG philosophy and develop strategies under ESG Committee to create value for our society, environment, customers, and employees.

RECENT DEVELOPMENT

In the first quarter of 2022, while there was a regional resurgence of COVID-19 in China, we had continued to scale up and monetize our commercial digitalized ecosystem, and had experienced strong growth. The regional resurgence of COVID-19 in China had relatively limited impact on our business, primarily as a result of payment services being daily necessities, and our broad geographical coverage of 324 cities in China, with each of Shanghai and Beijing accounted for less than 3% of our GPV in 2021. Accordingly, in the first quarter of 2022, the GPV of our payment services reached RMB544.6 billion, representing a year-on-year growth of 18.2%, and the number of active payment service customers amounted to 7.5 million. During the same period, the GMV and the number of paying consumers of our in-store e-commerce services reached RMB560 million and 4.7 million, respectively.

OUR BUSINESS

We are a leading payment-based technology platform in China, providing payment, merchant and local lifestyle solutions to merchants and consumers. We started our payment services business in 2012, offering seamless, convenient, and reliable payment services to small and medium merchants, connecting them with millions of consumers. In addition to the rapid growth in our payment services, our business has expanded beyond payments. The size of our payment services business enables us to develop a deep understanding of customers' needs, and build an independent and scalable commercial digitalized ecosystem. Leveraging our vast customer base and data assets accumulated from payment services, we provide merchant solutions including SaaS digital solutions, precision marketing services, and fintech services to power merchants with smart operation tools and help them drive business growth. In addition, we also introduced in-store e-commerce services in December 2020, providing consumers with a wide array of local lifestyle products and services. Our principal business lines include:

- *One-stop payment services*, which consist of (i) app-based payment services where we enable our customers to accept payments using our mobile apps, or when consumers pay our merchant customers through third-party e-wallets, and (ii) traditional payment services, where we enable customers to accept non-cash payments that do not belong to app-based payments, including accepting card payments with traditional payment terminals; and
- *Merchant solutions*, which consist of a rich variety of value-added services, including (i) SaaS digital solutions, which help customers improve their operational efficiency, (ii) precision marketing services, allowing customers to effectively reach their target markets, and (iii) fintech services, which cater to our customers' financial needs.

- *In-store e-commerce services*, where we enable merchants to provide consumers with interactive and immersive shopping experience, and access to a wide array of featured lifestyle products and services of great value.

The following table summarizes our monetization model of each business line:

<u>Our Business</u>	<u>Our Role</u>	<u>Our Source of Revenue</u>
One-stop Payment Services		
App-based payment services . .	• To provide customers with payment services	• Service fees from customers, which typically equal to an agreed percentage of the GPV, net of the interchange fee for payment networks
Traditional payment services . .	• Same as above	• Same as above
Merchant solutions		
SaaS digital solutions	• To offer SaaS products to customers	• Sales revenue and subscription fees from customers
Precision marketing services . .	• To provide (i) a payment-based online advertising platform on which payment service customers and other customers can promote their businesses to consumers utilizing intelligent marketing tools and marketing solutions available on the platform; and (ii) off-line precision marketing services to merchant service providers	• Commissions agreed with customers

Our Business	Our Role	Our Source of Revenue
Fintech services	<ul style="list-style-type: none"> To provide customers with access to a variety of financial products, including loan facilitation services, entrusted loans on our technology platform and insurance referral services 	<ul style="list-style-type: none"> (i) Service fees from financial institution partners for loan facilitation services, (ii) interest income received from borrowers for entrusted loans and (iii) technology service income charged to the insurance companies we cooperated with for insurance referral services
In-store e-commerce services.	<ul style="list-style-type: none"> To provide consumers with one-stop lifestyle services 	<ul style="list-style-type: none"> Transaction fees from consumers for lifestyle product and service packages

The following table sets forth our revenue by business line for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
One-stop payment services	2,081,051	92.2	1,829,409	79.8	2,268,266	74.2
Merchant solutions	176,968	7.8	463,494	20.2	642,156	21.0
In-store e-commerce services.	—	—	—	—	148,210	4.8
Total	<u>2,258,019</u>	<u>100.0</u>	<u>2,292,903</u>	<u>100.0</u>	<u>3,058,632</u>	<u>100.0</u>

The following table sets forth our gross profit in absolute amounts and as a percentage of our total gross profit, and gross profit margin by business line for the periods indicated:

	For the year ended December 31,								
	2019			2020			2021		
	Gross Profit	Gross Profit as a percentage of total	Gross Profit Margin	Gross Profit	Gross Profit as a percentage of total	Gross Profit Margin	Gross Profit	Gross Profit as a percentage of total	Gross Profit Margin
	<i>RMB'000</i>	%	%	<i>RMB'000</i>	%	%	<i>RMB'000</i>	%	%
One-stop payment services	530,010	81.9	25.5	483,333	65.0	26.4	379,536	46.6	16.7
Merchant solutions	117,025	18.1	66.1	260,346	35.0	56.2	381,904	46.9	59.5
In-store e-commerce services	—	—	—	—	—	—	53,180	6.5	35.9
Total	<u>647,035</u>	<u>100.0</u>	<u>28.7</u>	<u>743,679</u>	<u>100.0</u>	<u>32.4</u>	<u>814,620</u>	<u>100.0</u>	<u>26.6</u>

Key Operating Data

We evaluate our operating results through various indicators. The following table sets forth our key operating data for the periods indicated:

	As of/for the year ended December 31,		
	2019	2020	2021
One-stop payment services			
GPV (<i>RMB in billion</i>)	1,500	1,460	2,124
Number of consumers reached through payment services (<i>million</i>)	368	645	945
Number of active payment service customers ¹ (<i>million</i>)	5.3	5.5	7.3
Number of independent sales agents and partners (<i>thousand</i>)	8.2	10.9	15.0
Merchant solutions			
Number of active merchant solution customers (<i>million</i>)	0.4	0.9	1.4
In-store e-commerce services			
GMV (<i>RMB in million</i>)	—	—	398
Paying consumers (<i>million</i>)	—	—	5.2
Registered key opinion leaders (<i>million</i>) . . .	—	—	3.7

Note:

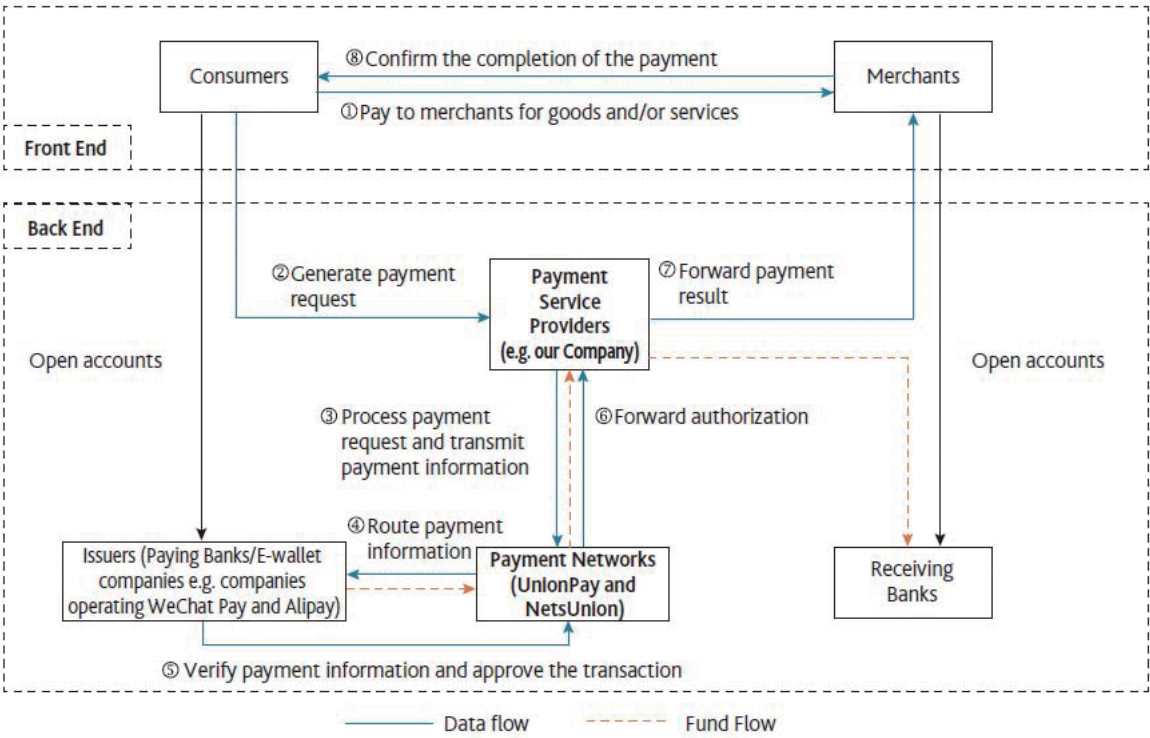
- (1) We define active payment service customers as merchants who use our services for an aggregated transaction amount of over RMB1,000 for the past 12 months.

Our customer base has grown rapidly. In 2019, 2020 and 2021, the number of active payment service customers was 5.3 million, 5.5 million and 7.3 million, respectively, representing a CAGR of 17.4%. Launched in 2015, the number of our merchant solution customers increased from 0.4 million in 2019 to 0.9 million in 2020, and further to 1.4 million in 2021, representing a CAGR of 87.1%. In 2021, through our payment services, we served over 945 million consumers.

Further, in-store e-commerce services have developed rapidly since its introduction in December 2020, with its GMV reaching RMB398 million in 2021. The number of paying consumers amounted to 5.2 million in 2021, and the number of registered key opinion leaders had reached 3.7 million as of December 31, 2021.

One-stop Payment Services

From the front end, non-cash transactions between merchants and consumers seem to be simple and direct as consumers pay for the goods and/or services while merchants accept consumers' payment and offer such goods and/or services. However, non-cash transactions are far more complicated when looking from the back end, and cannot be completed in the absence of the interactions among different parties involved. Payment service providers are mandatory for all non-cash payment transactions, and play a central role in collecting, processing and transmitting payment information to enable transactions. Payment service providers can be further categorized into (i) affiliated payment service providers, such as WeChat Pay and Alipay, which typically only accept payments made via their affiliated issuers and (ii) independent payment service providers, such as us, which typically have the ability to accept payments made via multiple issuers. We act as an independent payment service provider and play an essential role in the third-party payment value chain. The diagram below illustrates the payment process for our payment services and the role of each participant involved:



Notes:

1. The process starts when a consumer initiates a payment to a merchant to purchase goods and/or services that the merchant offers.
2. The consumer generates a payment request by (i) swiping, tapping or inserting his or her bank card on our payment terminal or (ii) scanning the QR code the merchant generated with our devices, or having merchants scan the consumer's mobile barcode with our devices.

3. We as payment service provider collect and process the consumer's payment request, and then transmit the payment information to payment networks.
4. Payment networks then route the payment information to the issuers. UnionPay acts as both the bank card network and the online network for QR code payment in China, while NetsUnion acts as the online network for QR code payment business related to a bank account undertaken by non-bank payment institutions. Payment networks' responsibilities typically include connecting and switching transactions between payment service providers and issuers and enabling payment authorization. From each payment we process, a payment network interchange fee is directly deducted. See "*— Our Business — One-stop Payment Services — Pricing.*" We also pay commission to distribution channels, including our sales agents for promotion of our payment services.
5. The issuer verifies the payment information and sends a notification of approval for the transaction. Once the verification and approval of the payment are completed, the issuer will transfer the fund to payment networks. Issuers refer to (i) commercial banks that issue credit or debit cards to consumers and authorize payment transactions after conducting necessary checks on consumers' identity and compliance issues and (ii) e-wallet companies which provide consumers with e-wallets to which consumers' bank accounts and credit cards are linked. Typical e-wallet companies include Tencent (operating WeChat Pay) and Ant Financial (operating Alipay).
6. The payment network forwards the transaction feedback and transfers the fund to us for further settlement of the payment.
7. We then send the payment result to the merchant and settle the fund received from the payment network net of our service fee to the merchant's account in the receiving bank.
8. Finally, the merchant confirms receipt of the payment.

In providing payment services, we collect and process payment requests from various channels, transmit payment information to payment networks, and then deliver payment results to merchants. We are mainly responsible for signing acceptance agreements, authorizing requests, settling bills and other payment-related activities. We also conduct the necessary know-your-client, or KYC and other due diligence review of customers in order to assess and mitigate fraud risks based on the information we collect from customers. Depending on whether they need to be used in conjunction with a mobile app, our one-stop payment services are further divided into two categories, namely (i) app-based payment services, and (ii) traditional payment services. The following table sets forth revenue generated from our one-stop payment services by types of services provided for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
App-based payment services	1,557,677	74.9	1,293,171	70.7	1,573,066	69.4
Traditional payments services	523,374	25.1	536,238	29.3	695,200	30.6
Total	2,081,051	100.0	1,829,409	100.0	2,268,266	100.0

App-based payment services

We provide our app-based payment services to merchants when they accept payments from consumers through mobile apps or third-party e-wallets, by having consumers scan merchants' QR codes or having consumers' mobile barcodes scanned by merchants' devices. According to the Thematic Analysis on Industrial Payment in China in 2021 (《中國產業支付專題分析2021》) published by Analysys, we ranked first among non-bank independent QR code payment service providers in China in 2021 in terms of comprehensive capabilities, including transaction volume and the number of merchants served.

Our app-based payment services allow customers to easily and conveniently accept payments from multiple e-wallets, such as WeChat Pay, Alipay or Mobile QuickPass, improving transaction efficiency. With the assistance of the single code/single account feature of our app-based payment services, customers are able to receive payments via a unified channel, and are relieved from generating multiple QR codes or purchasing different payment terminals for various e-wallets. Processing the transactions centrally also facilitates record keeping and account management.

The small-amount-high-frequency nature of app-based payments can maximize our touchpoints with customers. As the payment process automatically makes our other service offerings visible to our merchant customers as well as consumers, app-based payment enables us to acquire customers at minimal incremental costs for our merchant solutions.

Traditional payment services

Besides app-based payment services, we also provide traditional payment services to our customers. Typically, we enable our customers to accept card payments through the UnionPay clearing network with traditional payment terminals.

Contract terms

We enter into a standard contract with each customer for our payment services on a non-exclusive basis. The term of our agreements with payment service customers is normally one year, which automatically renews at the end of each term. Payment terminals are often provided to our customers for free. Each party may, without cause terminate the agreement at any time with 30 days' written notice to the other party. In particular, we are entitled to immediately terminate the payment service agreements if our customers, amongst others, commit frauds, make illegal or dishonest use of accounts and personal data, and fail to rectify certain material defects in their operations.

Pricing

We receive service fees from customers, which typically equal to an agreed percentage of the GPV, net of the interchange fee for payment networks. On certain occasions, we also charge our customers a one-off service fee. The interchange fee refers to a fixed proportion, which is deducted directly for each payment we processed. Thus, our revenue is net of the interchange fee for payment networks. Since the introduction of a market-based service fee mechanism in 2016, the service fee rate for a third-party payment service provider like us is largely market-driven, while leading players such as us have a certain degree of influence on its determination. We retain our service fee based on our agreements with customers and our service fee rate is typically determined by reference to the type of card used for payment, the nature of the customer's industry and the settlement mode.

Currently, the total fee charged on customer ends for each payment comprises an interchange fee for payment network, with the remaining balance being our service fees.

Merchant Solutions

Overview

Our payment service customers have needs for improving their operational efficiency and enhancing consumer experience. With the resources accumulated through our one-stop payment services, we have developed and offered a wide variety of merchant solutions, including SaaS digital solutions, precision marketing services and fintech services for both our payment service customers and consumers. These merchant solutions are key to increased customer satisfaction and loyalty. In 2019 and 2020, we offered merchant solutions to 0.4 million and 0.9 million customers, respectively, which further increased to 1.4 million for the year ended December 31, 2021.

For the years ended December 31, 2019, 2020 and 2021, the gross profit generated from merchant solutions was RMB117.0 million, RMB260.3 million and RMB381.9 million, respectively, representing 18.1%, 35.0% and 46.9% of our total gross profit.

SaaS Digital Solutions

We have integrated scenario-specific functionalities into our payment services supporting software to build various SaaS digital solutions. Through our SaaS digital solutions, we offer a variety of intelligent business solutions tailored to different industry verticals. Our SaaS digital solutions are designed to meet a wide range of operational needs of our merchants, offering innovative and comprehensive functionalities including order management, cashier management, invoice management, customer acquisition and retention, employee management, financial management, online store and delivery management, customer relation management, and service tracking.

Compared with traditional software services, our SaaS digital solutions focus on satisfying unique and specific operational needs from different types of merchants, with modules designed to address workflows and operations in different industries. For instance, our SaaS digital solutions have enabled highly customized ordering, and check-splitting for the food and beverage industry, which significantly streamline the workflows of restaurant operators. In addition, we have developed product identification and smart weighing solutions for the retail industry, which help retailers reduce checkout time by over 30%. As of December 31, 2021, we had developed over 100 proprietary function modules and 15 ecosystem partner function modules.

Our digital solutions can be readily accessed from our payment mini-programs, mobile apps, and hardware terminals, to guide merchants in proactively adopting more digital modules based on their operational needs in a one-stop manner, providing seamless “payment +” digital operation experience. We have used scalable API ports to develop a partner ecosystem, so that merchants can smoothly connect to other technology vendors through our merchant solutions platform. Also, our product interface is simple and user-friendly. The intuitive user experience allows even small and medium merchants to use our solutions with little guidance, further reducing our marginal customer acquisition cost, and increasing merchant adoption and retention rate.

Pricing

We enter into service agreements with SaaS digital solution customers, which provide for terms including duration and payment methods. We typically charge a subscription fee for the use of our software.

Precision Marketing Services

We have built a payment-based advertising platform on which we offer various marketing and promotional tools for our customers to attract, engage and interact with consumers. Connecting both merchants and consumers, we could make use of the insights derived from payment services to develop precision marketing services.

Our advertising platform comprises mainly the user interface of our mobile apps for merchants, and the post-payment interface of the consumer’s e-wallets. We have also developed Juliang (聚量), a data management platform, for advertisement placement exchange, which bridges content publishers and advertisers to facilitate exchange of advertisement spaces. Juliang is able to generate multi-dimensional tags based on consumption behaviors and scenarios, allowing merchants to effectively direct marketing efforts towards target markets and optimize the precision of advertisement placement. Precision marketing services which we provide on our payment-based advertising platform primarily include:

- *Tailor-made precision marketing.* Leveraging our technology, especially our data analytics ability, we analyze behaviors of consumers using our payment service and explore their consumption habits and preferences. It enables us to design personalized precision marketing solutions for merchants, which intelligently place advertisements in such space, at such time, and to such audience in a manner that they are most likely to be converted; and
- *Customer loyalty program e-tools.* We help different merchants build loyalty program e-tools (through membership registration and transaction records) to understand consumer behaviors better and to use the insights for business decision making. We also offer promotional tools such as spending credit and rewards program to increase consumer engagement.
- *Others.* We also leverage our strong technology and content creation capability to offer merchants with a range of customized services. For example, we utilize blockchain and augmented reality technologies to help merchants design mini games as a mean to enhance customer acquisition and repeat purchase. In addition, we also help merchants design textual, graphical, and video content to promote their products and services and attract customers, which synergizes with our in-store services.

Pricing

We charge for our online precision marketing services using different pricing models, primarily CPS, CPM, CPT, CPI, CPA and CPC or combinations of these models. We charge a commission for our off-line precision marketing services.

Fintech Services

With understanding of the needs of merchants and consumers who use our payment services, we developed our fintech services. Our fintech services were launched in 2015.

Loan facilitation services

We facilitate small-sized retail loans to customers, which are offered by our loan facilitation partners on our technology platform, and from whom we receive service fees. Our loan facilitation partners, being the lenders, are required to possess the necessary licenses for the granting of loans pursuant to the applicable PRC laws and regulations. We provide an automated online application process that aims to provide a simple, seamless and efficient experience to customers. We use data generated from our payment services to assess the creditworthiness of loan applicants and refer suitable applicants to our loan facilitation partners.

According to our agreements with these loan facilitation partners, we provide a platform on which they can offer their loan products. We are also responsible for collecting information from loan applicants, making recommendations based on analytics results and forwarding the relevant information to our loan facilitation partners for their final decision. Upon approving a loan application, our loan facilitation partners directly enter into loan agreements with, and transfer the proceeds to the borrowers. We assist our loan facilitation partners with repayment administration including sending payment reminders and engaging outsourced collection specialists to collect overdue sums. In respect of facilitated loans for which we do not provide guarantee, losses from default of borrowers are born by our loan facilitation partners. For those that we provide guarantee for, such loss is born by us. See *“Risk Factors — Risks Relating to Our Business and Industry — Our fintech services are subject to risks relating to credit assessment and general macroeconomic conditions. Our current risk management system may not be able to exhaustively assess or mitigate all risks to which we are exposed.”* We charge each of our loan facilitation partners a service fee as a percentage of the interest income from facilitated loans.

Entrusted loan

We partner with banks and trust companies in China, who on-lend our deposited funds to offer entrusted loans. Entrusted loans are offered on the same platform as facilitated loans, with the same application process and channel for proceeds transfer. On receiving a loan application, we will decide whether to refer it for facilitated loans or to extend entrusted loans. For entrusted loans, we charge borrowers financing service fees which consist of loan interests based on the loan volume and duration.

According to our agreements with these entrusted loan partners, they hold our funds, and grant loans to applicants per our instructions. When a loan application is approved by us, we will enter into a loan agreement with the borrower and our entrusted loan partner. We are entitled to interest income from the entrusted loans. We pay our entrusted loan partner a service fee as a percentage of the amount of loan granted. We are responsible for repayment administration including sending repayment reminders, engaging outsourced collection specialists to collect overdue sums, and taking legal actions against the default customers when necessary. We are therefore exposed to the risks of any loss incurred as a result of such default. If a party does not properly perform its obligations under the agreement, the other party is entitled to termination of the agreement and compensation to losses caused as a result. See *“Risk Factors — Risks Relating to Our Business and Industry — Our fintech services are subject to risks relating to credit assessment and general macroeconomic conditions. Our current risk management system may not be able to exhaustively assess or mitigate all risks to which we are exposed.”*

Insurance referral services

We entered into cooperation agreements with insurance companies pursuant to which our payment service customers could, at no additional cost, opt to benefit from insurance products we purchased from these insurance companies. The products include a fund security insurance for merchants which covers (i) the insured's fund losses due to bank card fraud and (ii) the insured's interest losses due to delay in account receivable payments resulting from any system error of the payment institution of over 24 or 48 hours, after the payment is settled. The cooperation agreements will typically be automatically renewed for one year upon expiration. We receive technology service income from the insurance companies.

In-store E-commerce Services

Since December 2020, we have leveraged our vast merchant and consumer base, and deep understanding of consumers' behavior to introduce in-store e-commerce services to enrich consumers' shopping experience and provide them with access to featured lifestyle products and services offered by our merchants. We collaborate with our merchants to select and offer packages of their products and services on our platform, Yuehuiquan (約惠圈), and promote these packages to consumers primarily through key opinion leaders. We have employed various means to accelerate customers' adoption of in-store-e-commerce services, such as by adding entrance to Yuehuiquan in our payment service mobile apps. As a result, in-store e-commerce services have developed rapidly since their introduction, with the number of paying consumers reaching 5.2 million in 2021, and the number of registered key opinion leaders reaching 3.7 million as of December 31, 2021. As of December 31, 2021, we had provided in-store e-commerce services in 296 cities in China.

In-store e-commerce services adopt an innovative performance-based model that aligns our interests with that of merchants. As we do not charge merchants up front advertising fees, they are able to offer consumers with more competitive product and service packages. On the consumer end, the use of promotional tactics and key opinion leaders helps create a more interactive and immersive shopping experience. In addition, offering only featured lifestyle product and service packages selected by our product specialists, in-store e-commerce services also facilitates consumers' decision-making process.

Based on our deep understanding of consumers' needs and merchants' products and services, we collaborate with a wide variety of merchants, including restaurant operators, retail outlet owners, tourist destination operators and hotel operators to devise localized, exclusive and customized lifestyle product and service packages for consumers in their local vicinities. We employ a range of promotional tactics, including group purchase and reward points, to help merchants create more appealing product and service packages. Consumers may purchase these

product and service packages from us and will be issued vouchers that can be redeemed with the merchants. Utilizing blockchain technology to verify voucher authenticity, we enable merchants and consumers to securely distribute and transfer these vouchers on Yuehuiquan.




We invite members of local communities to register as key opinion leaders, and recommend the product and service packages on their personal channels, including Douyin accounts or WeChat Friends circles. Key opinion leaders are required to create short videos of their in-store visits. They may utilize contents we create to promote the product and service packages. To incentivize these key opinion leaders, we share a percentage of the sales from their referrals. We had attracted a wide range of key opinion leaders since the introduction of in-store e-commerce services.

Pricing


We charge consumers a transaction fee on the prices of the lifestyle product and service packages.


Access to Our Services

Based on customers’ needs, we design and offer mobile apps or platforms which combine one or more of our services. The table below sets forth the major mobile apps and platforms through which we provide our services and solutions:

<u>Mobile apps or platforms</u>		<u>Description</u>	<u>Year of launch</u>	<u>Functionality</u>
One-stop payment services				
1. Leshua (樂刷商務版) . . .		Provide payment services and additional value-added services to merchants	2013	Enable card and non-card payment acceptance on smart phone
2. Shoukuanbao (收款寶) . .		Provide payment services and additional value-added services to merchants	2018	Enable card and non-card payment acceptance on smart phone
3. Shuabao (刷寶)		Help small and medium merchants receive offline payments	2017	Enable mobile payment acceptance

Mobile apps or platforms		Description	Year of launch	Functionality
4. Happy Pay (快樂Pay) . . .		Enable offline payment	2018	Used with payment terminals for card and non-card payment acceptance
5. Shouyintong (收銀通) . . .		Enable merchants to receive QR code payment	2018	<ul style="list-style-type: none"> • Support QR code payment acceptance from major e-wallets • Facilitate store management
Technology-enabled business services				
6. Smart Shopkeeper (智掌櫃)		An integrated management solution for restaurants	2015	Order management, account management
7. Smart Sales (樂售)		A one-stop operational platform for fashion merchants	2014	Inventory management, account management and operational results analysis
8. Smart Store (智慧店鋪) . . .		A one-stop operational platform for store management	2019	Real-time management of the sales, inventory, financial reporting and employees
9. Haoshengyi (好生意)		A supporting software for our payment services connecting with various online and offline payment devices and channels	2019	Generating transaction summary; providing marketing e-tools; and membership management
10. SaaS Open Platform- . . .		A toolkit platform for SaaS partners to build tailored SaaS products	2017	Standardized components of our service offerings available for use in a wide range of combinations

Mobile apps or platforms	Description	Year of launch	Functionality
11. Lejie (樂借)		An entrance to our loan services	2018 Enable online one-stop loan application

Mobile apps or platforms		Description	Year of launch	Functionality
In-store e-commerce services				
12. Leshangquan (樂商圈) . .		An entrance to our in-store e-commerce services	2021	Closed-loop shopping of featured lifestyle product and service packages; display of merchandise and other marketing resources; short video browsing; voucher management and order management

OUR CUSTOMERS

Leveraging our technology platform, we connect merchants and consumers in a diverse set of industries including retail, wholesale, food and beverage, and tourism industry. We consider both merchants and consumers essential components of our customer base. Typically, customers for our payment services and SaaS digital solutions comprise merchants; customers for our precision marketing services and fintech services comprise merchants, consumers, financial institutions, and merchant service providers; and customers for our in-store e-commerce services comprise consumers. We primarily serve small and medium merchants from a wide range of industries across China.

Our five largest customers together accounted for less than 5%, 11.9% and 10.1% of our total revenue for each of the years ended December 31, 2019, 2020, and 2021. As of the December 31, 2021, none of our Directors, their associates or any of our shareholders (which to the knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) had any interest in any of our five largest customers.

Payment Customer Onboarding

We are solely responsible for conducting due diligence to assess the quality and risk of the payment customers we acquire, with the help of our distribution channels. We undergo standardized customer onboarding procedures in accordance to the Administrative Measures on Bankcard Acquiring Services (《銀行卡收單業務管理辦法》) (“**Measures on Bankcard Acquiring**”), and rules of the payment networks. As of December 31, 2021, all of our payment customers possess the business licenses as required by the Measures on Bankcard Acquiring and rules of the payment networks. Our process to bring customers onboard includes the following steps:

- Merchant assessment. Sales agents, sales partners and our direct sales force are mainly responsible for sourcing new merchants. They identify and select prospective merchants usually by conducting an on-site inspection to evaluate the merchant’s operations, financial condition and credit standing.
- Collecting application materials. Our customers need to submit application materials on our platform. We collect customers’ application materials and information according to our internal checklist. For instance, we collect copies of their business licenses, valid identification documents of legal representatives or the persons-in-charge, bank account opening certificates, pictures of their business premises and other relevant certification documents.
- Customer approval. We adopt a stringent approach and implement internal know-your-customer procedures, including (i) verifying the accuracy of information in application materials; (ii) checking the customer against our internal and industry blacklists; (iii) conducting necessary inspections to verify the authenticity of application materials; and (iv) determining the customer’s risk rating according to our internal policies and relevant regulations to adopt corresponding risk management measures.

SALES AND MARKETING

We promote our business through (i) external distribution channels (which consist of independent sales agents, SaaS partners and key opinion leaders), (ii) sales partners, and (iii) direct marketing. Our external distribution channels and sales partners are enterprises which have sales personnel to reach small and medium merchants. Currently, our business covers most of the provinces and municipalities in China.

External Distribution Channels

External distribution channels consist of independent sales agents and SaaS partners.

Independent Sales Agents

Sales agents are independent service providers who help us reach millions of small and medium merchants across China. We consider it an industry norm to promote sales of payment services through sales agents, which effectively help us reach a wide range of targeted customers. As of December 31, 2021, our sales agent network consisted of nearly 15,000 sales agents, covering 30 provinces and municipalities and 324 cities in China.

Merchants acquired through our independent sales agent network represents a significant portion of our customer base. We believe we have maintained good relationships with our sales agents.

We consider various factors when selecting sales agents, including their reputation, experience and track records in payment services industry, and qualifications. Our sales agents have diverse backgrounds. Other than the promotion of payment services, some of them also engage in other lines of business, including fast-moving consumer goods promotion, communication electronics and logistics. They are SAIC approved enterprises, with networks of sales personnel that can reach small and micro merchants. Our sales agents typically have over three years of experience in the promotion of payment services.

We enter into service agreements with sales agents after they are approved through our internal procedures. According to the service agreements, sales agents are mainly responsible for customer development and training and maintenance of our payment terminals in designated geographic areas as listed in their service agreements. We pay our sales agents commissions based on the transaction volume generated. The term of our service agreements with sales agents is typically one year and will be automatically extended for another one year upon expiration. We from time to time evaluate our sales agents' performance and assess risks related to sales agents in accordance with relevant laws and regulations and industry practices. We may terminate the agreement with and seek remedies against the sales agent if the sales agent engages in activities, including but not limited to, (i) utilizing our platform for cash out, money laundering, gambling, pyramid sale or any other illegal purposes, (ii) any misconduct by the sales agent or any of its employees resulting in any leakage, manipulation or destruction of merchants' account information or transaction data, and (iii) assisting unregistered merchants to falsely use accounts of registered merchants on our platform. Sales agents are required to protect confidential information of our customers. There is no non-competition nor exclusivity provision in our agreements with them. Upon termination of an agreement, we are released from the obligations thereunder, and among others, are not required to pay commission for GPV generated by customers that such agent acquired. As we enter into separate agreements with merchant customers, termination of agreements with sales agents do not affect our relationship with customers that such agents acquired.

Independent SaaS Partners

We also enter into cooperation agreements with independent SaaS partners, which are software companies that offer SaaS digital solutions to merchants. We cooperate with them by incorporating our payment services into their SaaS products that are complementary to ours. We also allow our independent SaaS partners access to our SaaS Open Platform, on which they can utilize a toolkit of standardized components of our services to develop scenarios specific products.

The key terms of the agreements we entered into with our independent SaaS partners are similar to our agreements with sales agents regarding each party's obligations and rights, sales targets and indemnification. As of December 31, 2021, we had over 2,000 independent SaaS partners.

Sales Partners

We also partner with several sales organizations, in which we hold minority interests. Similar to sales agents, these sales partners promote our one-stop payment services and technology-enabled business services through their distribution networks to potential customers.

We strategically select these sales partners due to their strong promotional capabilities and extensive distribution networks in our targeted group of customers. Each of our sales partners has differentiated strengths and promotional resources.

The key terms of the agreements we entered into with our sales partners are similar to those with sales agents regarding each party's obligations and rights, and sales targets. According to our agreements with them, we are our sales partners' preferred payment service provider. Where we offer the same terms, including commissions and other conditions as other payment service providers, our sales partners are required to promote our payment services on an exclusive basis. Currently, our sales partners do not promote payment services of other service providers. Our sales partners are also required to protect confidential information of our customers. There is no non-competition provision in our agreements with them.

We consider customer base a key resource for our future business growth. Our payment service customers can generate long-term recurring revenue from one-stop payment services, and can be further monetized by converting into customers of our technology-enabled business services. As part of our phased efforts to increase customer base and thus increase our market share and accelerate the expansion of our technology-enabled business services, we provide larger incentives to distribution channels that contribute larger aggregate GPV from payment service customers acquired. Based on the estimated GPV that a distribution channel can acquire, we decide the level of commission rate. Such sales targets are specified in our agreements with them. As a result, our sales partners, with outstanding promotion capabilities tend to be paid a higher rate of

commission. Further, with their respective strengths, including extended market reach, expertise in specific industries, we also believe these sales partners are well-positioned to cross-sell our business services to payment customers.

As we have nearly 15,000 members in our diversified distribution channels, we can adjust and optimize our channel mix according to the business performance of our distribution channels, prevalent market conditions and our overall growth strategy.

We acquire our sales agents, SaaS partners and sales partners primarily by open recruitment, referral, and actively approaching suitable ones in the market. These sales agents, SaaS partners and sales partners are mainly responsible for referring customers to us as well as serving, maintaining, and training customers they developed. They are not involved in our core business operations, such as customer access evaluation, transactions, and funds settlement.

We have policies and procedures in place to maintain the performance standards and ensure compliance by our sales agents, SaaS partners and sales partners. We also specify certain internal control requirements, including business risks and brand management for our agents and partners. We have an experienced team that monitors the performance of these agents and partners. According to our cooperation agreements our agents and partners, we have the right to suspend the settlement of their service fees or deduct their deposits paid if they violate our regulations or policies. In the case of a serious breach, we may terminate the cooperation and take necessary legal actions if the services fees and deposits are insufficient to recover our loss. The above measures reduce the possibilities for our agents and partners to take kickbacks and bribes from customers.

Direct Marketing

Our in-house marketing department is responsible for coordinating our direct marketing efforts. To promote our sales, we continue to implement several marketing strategies to directly acquire merchants. These strategies include placing online advertisements with selected high-traffic social media platforms, high-traffic search engines and launch referral programs.

SUPPLIERS AND OUR COOPERATION WITH FINANCIAL INSTITUTIONS

Our suppliers and business partners include (i) payment terminal manufacturers, which supply us with payment terminals and accessories, (ii) UnionPay and NetsUnion, which primarily provide us with clearing and switch services and access to payment gateways, (iii) financial institutions which primarily provide us with access to their payment gateways and collaborate with us to provide fintech services, and (iv) key opinion leaders, who recommend local lifestyle product and service packages through their personal channels.

Our five largest suppliers accounted for 19.4%, 16.5% and 17.4% of our total cost of sales for the year ended December 31, 2019, 2020, and 2021, respectively. As of the December 31, 2021, none of our Directors, their associates or any of our Shareholders (which to the knowledge of the Directors, owned more than 5% of the number of issued shares of the Company) had any interest in any of our five largest suppliers.

Payment Terminal Suppliers

We deploy payment terminals and accessories to merchants. We purchase these payment terminals from suppliers. We maintain and regularly update a list of qualified suppliers. In order to be listed on our list of qualified manufacturers, manufacturers are evaluated based on a number of factors, including UnionPay certification, product quality, price, market reputation, after-sales services, and payment terms. We select suppliers from this list through bidding process.

Since 2018, we have sourced our supplies via wholesalers. Procuring supplies for multiple companies, these wholesalers are benefited from economy of scale, and are generally able to secure better payment and credit terms from our designated manufacturers.

We typically enter into framework agreements with key suppliers, setting forth, among other things, specifications, pricing, delivery schedules, payment terms, and after-sales services. There is no minimum purchase obligation. The agreements specify the range of price, based on which the actual price for each order is determined, taking into account factors including the type and amount of payment terminals supplied. Credit terms typically range from three to six months. After-sales services typically include warranty terms ranging from 12 to 15 months. The framework agreements typically grant us the right to compensation for losses caused by, among others, (i) products failing to meet technical specifications or safety standards, (ii) product defects, (iii) terminal tampering, hacking or other security breaches. The framework agreements typically have a term of one year, and may be terminated upon one month's written notice if either party fails to perform its obligations.

Typically, we only place order for payment terminals upon receiving a request from distribution channels. We believe that we have maintained a good relationship with the payment terminal suppliers, and that we are not dependent on any particular manufacturer for the supply of our payment terminals, and are capable of finding alternative manufacturers.

Payment Networks

UnionPay

UnionPay is the largest bank card clearing house and bank card association in China. It operates an inter-bank transaction settlement system. It allows the connection and switch between banking systems, and the inter-bank, cross-region usage of bank cards issued by its associate banks. We have established strong relationships with UnionPay. In September 2014, we became a UnionPay member for payment services.

According to the network access agreement, UnionPay provides clearing services for our payment services through its network. For each transaction it processes, UnionPay charges an interchange fee, which is determined by the PBOC and NDRC. See “— *Our Business — One-stop Payment Services — Pricing.*” UnionPay also provides us with services to support our same-day settlement services to our customers for an extra fee. UnionPay is entitled to request for a deposit, based on our credit rating and clearing status.

The network access agreement requires us to comply with UnionPay’s business rules. UnionPay is entitled to monitor and inspect various aspects of our business operations, including risk management, accounts information and data security. If we fail to meet its standard, or to address the deficiencies or potential risks within a specified period, UnionPay is entitled to suspend its services or revoke our membership. We are also required by the agreement to comply with UnionPay’s standards for developing, verifying and managing merchants for our payment services. We are obliged to indemnify UnionPay and its members against losses caused by us, fraud conducted by merchants we developed and fictitious transactions we process. In 2019, 2020 and 2021, no such loss was incurred.

The agreement has a term of four years, and automatically renews for another three years, absent of any objection from either party. It will be automatically terminated if we cease to be a registered member of third-party payment service provider of UnionPay. UnionPay is also entitled to unilaterally terminate the agreement upon written notice, if: (i) we fail to process all UnionPay bank card transactions via its system without obtaining its prior written consent, infringe UnionPay’s trademarks, or are in material breach of the agreement, (ii) our actions are detrimental to UnionPay’s brand and reputation, or (iii) we are incapable of performing our obligations as a result of the commencement of winding-up proceedings.

Financial Institutions

We collaborate with financial institution partners, including commercial banks, insurance companies and trust companies to provide payment and fintech services. We provide marketing services on our platforms to our partner banks, from whom we receive service fees for successful referrals.

Loan Facilitation Partners

We enter into service agreements with financial institution partners in offering loan facilitation services. Pursuant to these agreements, we are responsible for providing the platform as well as ancillary services, including loan applicant information collection and verification, credit assessment and recommendation to our loan facilitation partners for their consideration. Our cooperation agreements with these loan facilitation partners typically have a term of one year, and automatically renew, absent of any objection from either party. The agreement can be terminated by a mutual consent or by either party with ten business days' written notice to the other.

Entrusted Loan Partners

Our financial institution partners, including banks and trust companies, on-lend our deposited funds to offer entrusted loans. Pursuant to our agreements with these entrusted loan partners, they are required to, upon our instruction, transfer funds to designated bank accounts of borrowers. We are typically required to pay our entrusted loan partners a handling fee of less than 3% for each transaction. Our cooperation agreements with these entrusted loan partners typically have a term of one year, and automatically renews, absent of any objection from either party. The agreement can be terminated by a mutual consent.

Key Opinion Leaders

Our key opinion leaders, primarily being members of local vicinities, promote our merchants' lifestyle product and service packages on their personal channels. Pursuant to our agreements with these key opinion leaders, we are typically required to share with them a portion of the sales from their referrals. Key opinion leader are responsible for ensuring the compliance of their advertising materials with the applicable laws and regulations. We are entitled to the ownership of advertising materials produced pursuant these agreements.

RESEARCH AND DEVELOPMENT

As of December 31, 2021, we had a team of 465 staff dedicated to research and development. Our products team members also contribute to the research and development by bringing in practical insights and exploring customers' needs.

Our research and development team is headed by Mr. Luo Xiaohui, our chief architect. Mr. Luo has over 15 years of experience in the information technology sector. Our previous research and development initiatives include improving and upgrading our IT infrastructures, such as our account management system, private cloud technologies, and information security. We also focused on the application of artificial intelligence and data analytics to extend our merchant solution offerings.

In September 2017, we established an AI laboratory to enhance our service offerings with mature AI technologies, and to explore the business application of cutting-edge artificial intelligence technologies. Going forward, we will continue to invest in the research and development of cutting-edge technologies, in particular, our proprietary cloud infrastructure, machine learning technology, big data analytics, image and video recognition technology, to stay at the forefront of the third-party payment industry. Further, we are actively exploring the integration of our cohesive ecosystem and metaverse-related technologies. For example, utilizing augmented reality and blockchain technologies, we helped merchants launch leisure games to attract consumers and stimulate repeat purchases.

In addition to hiring experienced candidates from well-established Internet and software companies, we also recruit fresh graduates from reputable universities. We compete aggressively for talents in IT engineering with a view to help us address challenges and maintain our technological edge.

TECHNOLOGY AND IT INFRASTRUCTURE

Technology and IT infrastructure are the foundation of our company and a key component of our strengths. We mainly relied on proprietary technologies in building our technology infrastructure.

IT System and Infrastructure

Servers and private cloud

With our capabilities in cloud computing and other technologies, we have constructed an integrated operation and maintenance system to host our IT infrastructure, at separate locations. Our platform adopts modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functioning of other components. In addition, we have installed a firewall that monitors and controls incoming and outgoing traffic and will automatically take reactive measures against any information security threats. The data is stored in the private cloud and encrypted database of our internet data center.

We host our principal IT infrastructure at multiple locations in Shenzhen. We maintain a sufficient buffer in our processing capacity to ensure the reliability of our IT system when we experience a surge in payment volume. We believe our IT infrastructure is highly stable.

The infrastructure has been fully integrated with our computer environments and business requirements to serve as a powerful engine for our services. As of December 31, 2021, our information technology infrastructure was capable of processing over 100 million transactions per day, with a peak processing capacity of over 10,000 transactions per second.

Account management system

We have developed a proprietary account management system, to facilitate centralized management of customer accounts, information, and regulatory compliance. This system consolidates and manages all our customers' account information, including procedures and standards for customers' account opening. It tracks and records the balances of customer accounts, allowing better visibility and management of funds movements. The system is built upon our extensive experience of serving a large and diverse customer base. We update the system from time to time to improve its reliability, efficiency and compatibility with our services, payment scenarios and evolving regulatory requirements.

Data Security, Cybersecurity and Confidentiality Protection

To protect the integrity of our data, we have implemented stringent internal control procedures, including external data transferring confidentiality, internal access restriction and customer data leakage risk management. We continuously manage the processing capacity of our system to ensure stable operation. We utilize technologies such as identity verification, and data encryption to mitigate the risk of data leakage. Furthermore, we have established an access control procedure, which sets out a hierarchy of users.

Our data security and management capabilities have been certified by various national standards, including (i) the Level 3 Certification of Information System Protection, (ii) the Safety Certification on Payment Facilities for Non-Financial Institution, and (iii) the Account Data Security Standard evaluation.

Big Data Analytics and Artificial Intelligence

During the course of the provision of our payment services, we process a high volume of transactions on a daily basis, generating a vast amount of data. Our capability in big data analytics and artificial intelligence enables us to process and analyze these data for the purpose of improving our operating efficiencies and our customer satisfaction.

Data analytics

Premised upon our IT infrastructure, we employ various technologies, such as cloud computing and distributed computing to collect, process and visualize the vast amount of data that we generate from business operations. These data include customer profile, transaction data, behavioral data, spending pattern, and credit data.

Our data center provides convenient access to data for our various departments, including our risk management department and business units, so that they can receive and utilize the data they need on a real-time basis. These data can be used to facilitate and support management's decision-making.

Artificial intelligence

Our algorithm engineering team explores areas of artificial intelligence continuously. We utilize artificial intelligence to analyze the vast amount of data. For instance, our machine learning algorithm automates analytical model building, which allows us to extract, integrate and analyze pertinent information from our database. We enhance our data analytics capabilities by building various artificial intelligence powered models to analyze data and improve algorithms to be tailored to specific tasks under different scenarios. The data generated from our payment service provides abundant resources for training of artificial intelligence model, under various scenarios.

We leverage our capabilities in data analytics and artificial intelligence to extend our service offerings.

Precision marketing services. Given our data assets and data analytics capability, we optimize our delivery of interactive advertisements on our advertisement platform in a manner that they are delivered to advertising space where consumers are most likely to be converted. For example, we have built up our own algorithm database, combining a wide range of data and scenarios to enhance the precision of advertisement placement.

Image Recognition. Processing a huge volume of transaction on a daily basis, we have continuously trained and enhanced our image recognition algorithm for payment authorization, enabling accurate and speedy identification. The underlying algorithm is transferrable. We deploy our image recognition technology to build SaaS digital solutions, such as our image recognition e-tool. They help merchants in a wide range of circumstances, including scenarios where identity verification is required.

Credit Assessment. Big data analytics, together with artificial intelligence, allow us to comprehensively integrate and analyze applicants' information, ranging from credit data to behavioral, social, and transactional data that we accumulate from the provision of payment services. Our credit assessment model that we use in our business services utilizes an array of analytical techniques and model outputs from traditional multivariate regression to machine learning. This enables an accurate profiling of loan applicants, and assessment of their credit worthiness, facilitating credit and pricing decision making.

INTELLECTUAL PROPERTY

We regard our patents, trademarks, service marks, domain names, trade secrets, proprietary technologies, and similar intellectual property as critical to our success, and we rely on patents, trademark, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions with our employees, partners, service providers, suppliers and others to protect our proprietary rights. We did not have any material dispute or any other pending legal proceedings concerning intellectual property rights with third parties during the in 2019, 2020 and 2021.

As of December 31, 2021, we had 97 registered trademarks, 21 patents, 127 copyrights for software products, and 65 registered domain names. As of the December 31, 2021, we also had 23 pending trademark applications in the PRC.

COMPETITION

The third-party payment service market is large, yet competitive and evolving. We compete against other payment service providers in China. Payment service providers can be broadly categorized into (i) banks, (ii) affiliated payment service providers, such as China UnionPay Merchant Services, WeChat Pay and Alipay and (iii) independent payment service providers, such as us.

Banks play the role of both a card issuer and a payment service provider. With their scale of operation, they are perceived as superior in payment security, but are less agile due to focus on self-issued cards. Affiliated payment service providers offer services ancillary to their major lines of business or network, which remains their center of focus. In particular, WeChat Pay and AliPay, the two largest third-party payment service providers, focus on expanding their customer base in the consumer market. Independent payment service providers focus on the provision of one-stop services that accommodate different types of payment methods. We compete primarily with other offline focused independent payment service providers, who specialize in the provision of aggregated offline payment services, mainly via payment terminals and QR code. As payment service fee rate to merchants is largely market driven, pricing of independent payment service providers is largely at similar levels. As our merchant solutions continue to grow and become increasingly integrated into our one-stop payment services, we believe we will have more flexibility in adjusting our pricing strategies.

We believe the key factors for our success in the industry include the stability and functionality of services, sales and distribution capabilities, relationships with partners, pricing, capabilities in providing extended value-added services, and brand name. We may not be able to continue to compete effectively. See “*Risk Factors — Risks Relating to Our Business and Industry — If we fail to compete effectively, we may lose customers, which could materially and adversely affect our business, financial condition and results of operations.*”

In addition, our competitors, in particular banks and affiliated payments service providers may have larger customer base and resources than we do. Although we believe that they have a different business focus and value proposition from ours, we cannot assure you that they will not expand their payment service offerings for small and medium merchants in the near future. See *“Risk Factors — Risks Relating to Our Business and Industry — If we fail to compete effectively, we may lose customers, which could materially and adversely affect our business, financial condition and results of operations.”*

EMPLOYEES

As of December 31, 2021, we had 1,439 full-time employees, substantially all of whom were based in China. As of the same date, over 672 of our employees holds a bachelor’s degree or above, and 109 of our employee holds a master degree or above.

Our success depends on our ability to attract, retain, and motivate qualified personnel. We primarily recruit our employees through campus recruitment, recruitment agencies, and online channels. As part of our recruiting and retention strategy, we offer employees competitive salaries, performance-based bonuses, and certain other incentives.

We have adopted a robust training program, pursuant to which employees regularly receive trainings on areas including technology, regulation, and management from internal or external speakers. We offer ongoing in-house training for different levels of employees, tailored to their roles and skill levels. We believe our training culture has contributed to our ability to recruit and retain qualified employees.

We have established a dual-track career path that separately assesses managerial and technical talents, enhancing opportunities for personal development and career advancement. We engage external human resources business partners to enhance communication with, and provide counselling to new recruits and key employees.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, and unemployment benefit plans. We also purchase commercial health and accidental insurance for our employees.

We believe that we maintain a good working relationship with our employees and we did not experience any labor strikes or other material labor disputes that affected our operations.

INSURANCE

We provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees. In line with general market practice, we do not maintain business interruption insurance or key-man insurance. In 2019, 2020 and 2021, we did not make any material insurance claims in relation to our business. For a discussion of risks relating to our insurance coverage, see “*Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance coverage and may incur losses resulting from business interruptions.*”

PROPERTIES

As of December 31, 2021, we did not have any self-owned property in China. As of December 31, 2021, we leased 11 properties in the PRC with a total gross floor area of 10,218 square meters, and each leased property ranged from a gross floor area of 90 square meters to 2,363 square meters.

LEGAL PROCEEDINGS

We may from time to time get involved in legal proceedings arising in the ordinary course of business.

In 2019, 2020 and 2021, we had not been involved in any litigation, arbitration, or administrative proceeding against us that could have a material and adverse effect on our business, financial conditions, or results of operations. Furthermore, there is no pending or foreseeable litigation, arbitration, or administrative proceeding against us that could cause a material and adverse effect on our business, financial conditions, or results of operations.

ENVIRONMENTAL, HEALTH, AND SAFETY MATTERS

We do not operate any production facilities. Therefore, we are not subject to any significant health, safety or environmental risks. We do not expect to incur any material liabilities or expenditures in these respects. In 2019, 2020 and 2021, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

REGULATION

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

Regulation on the Issuance of Foreign Bonds

According to the NDRC Circular issued by the NDRC on September 14, 2015 and came into effect on the same date, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, the enterprise must, prior to issuing such bonds, register the issuance with the NDRC and obtain a registration certificate from the NDRC in respect of the issuance. Such enterprise must also file certain details of the bonds with NDRC within 10 business days of the completion of the bond issuance. The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement.

REGULATIONS ON PAYMENT SERVICES OF NON-FINANCIAL INSTITUTIONS

Overview

The third-party payment industry has developed from a rising to thriving trend in the past decade. As the major regulatory authority for third-party payment businesses, the PBOC, individually and jointly with other competent authorities of relevant businesses, including the SAFE, CSRC and NDRC, successively formulated the regulations and regulatory requirements of material importance in respect of deposit and management of client reserve funds, bankcard acquiring, network payment and other regulations and regulatory requirements related to third-party payment businesses, which have gradually established the regulation framework for the third-party payment industry in the PRC.

The PBOC is the central bank of the People's Republic of China and is also the primary regulatory authority for the third-party payment institutions. The PBOC shall, under the leadership of the State Council, implement monetary policies, perform its functions, take precautions against and reduce systematic financial risks and maintain financial stability. Other industry supervision authorities for the third-party payment institutions, including the SAFE, CSRC, NDRC and others, have formulated and issued regulations related to the third-party payment industry, such as cross-border foreign exchange payment transactions, fund sales payment businesses and pricing of bankcards acquiring service fees, etc.

Payment & Clearing Association of China (the "PCAC"), approved by the State Council and Ministry of Civil Affairs for its establishment, is a self-disciplined organization of the PRC payment and clearing service industry. The operations of PCAC are governed by the PBOC, with its purpose of complying with the industry standards of the payment and clearing service industry.

UnionPay is a bankcard association in China that realizes interoperability and resource sharing among commercial banking systems through the interbank transaction clearing system which ensures interbank, inter-regional and cross-border bankcard usage. The PBOC supervises the interbank transactions of bankcards mainly through the interbank transaction clearing system of UnionPay. NetsUnion is jointly promoted and established by PCAC under the guidance of the PBOC, primarily handling the online payment business involved in bank accounts and launched by non-bank payment institutions.

In addition to the permits, licenses, approvals or consents already obtained by us, in accordance with the existing laws, regulations and regulatory requirements of China, our principal business shall not be subject to other permits, licenses, approvals or consents. In light of the third-party payment industry being under continuous development and standardization, it is probable that the Issuer will still need to obtain other permits or approvals for its principal businesses in the future.

Payment License

According to Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法》) (the “**Decree No. 2 of PBOC**”) which was promulgated by the PBOC on June 14, 2010, implemented on September 1, 2010 and amended on April 29, 2020 and Detailed Rules for the Implementation of Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法實施細則》) promulgated and implemented on December 1, 2010 and amended on 2 June 2020, 12 November 2020 and 20 July 2021 respectively, payment services of non-financial institutions refers to that the non-financial institutions provide all or part of the following monetary transfers as an intermediary between payees and payers: (1) network payment; (2) issuance and acceptance of prepaid card; (3) bankcard acquiring; and (4) other payment services as determined by the PBOC.

Monetary capital transfers between payment institutions shall be entrusted to Banking financial institutions and shall not be conducted in a form of depositing monetary capital with each other between such payment institutions or entrusting other payment institutions.

To provide payment services, a non-financial institution shall obtain the Payment License (支付業務許可證) in accordance with the Decree No. 2 of PBOC and qualifies as a payment institution. The Payment License shall be valid for five years from the date of issuance and shall be extended by filing an extension application to the branch of the PBOC where the Payment License owner is located within 6 months before the expiration. Where a branch of a payment institution engages in payment business, the payment institution and the branch shall respectively go through procedures of record filing with the branch of the PBOC where it is located. The payment institution shall conduct business activities in light of the business scope approved in the Payment License and shall not carry out payment services beyond the approved scope nor outsource its business. Furthermore, the payment institution may not assign, lease or lend the

Payment License. See *“Risk Factors — Risks Relating to our Business and Industry — We are subject to extensive regulations in the payment and business services industry and non-compliance with or changes to the regulations or licensing regimes may materially affect our business operations and financial results.”*

Regulations on Foreign Investment in the Payment Services

According to the Decree No. 2 of PBOC, the business scope of the foreign-invested payment institutions, the qualifications and the ratio of contributions of the foreign investors shall be separately stipulated by the PBOC and submitted to the State Council for approval. According to the Announcement No. 7 of the People’s Bank of China (2018) (《中國人民銀行公告(2018)第7號》) (the **“No. 7 Announcement”**) issued by the PBOC on March 19, 2018 and took effect on the same day, upon approval by the State Council, pursuant to the Law of the People’s Republic of China on the People’s Bank of China and Decree No. 2 of PBOC, the relevant requirements of the foreign-invested payment institutions include the following: (1) an overseas institution intending to provide electronic payment services for domestic transactions and cross-border transactions of domestic entities in the PRC shall establish a foreign-invested enterprise in the PRC, and obtain a Payment License in accordance with the criteria and procedures stipulated in Decree No. 2 of PBOC; (2) a foreign-invested payment institutions shall possess a secured and standardized business system and a disaster recovery system in the PRC which can complete payment transactions independently; (3) storage, processing and analysis of personal information and financial information collected and generated in the PRC by a foreign-invested payment institution shall be carried out in China. Where it is necessary to transmit such information overseas for the purpose of processing cross-border transactions, the transmission shall comply with the provisions of laws, administrative regulations and the relevant regulatory authorities, the payment institutions shall require the overseas entity(ies) to perform the corresponding information confidentiality obligations, and obtain the consent of the owners of personal information; and (4) corporate governance, routine business operation, risk management, fund processing, deposit of reserves and contingency arrangements of foreign-invested payment institutions shall comply with the regulatory requirements of the PBOC for non-bank payment institutions. As confirmed by our legal advisors as to PRC law, Han Kun Law Offices, the No. 7 Announcement only sets out the general requirements for new application of Payment Licenses by overseas institution, but has not promulgated any detailed requirements and measures for the implementation of the change of domestic institutions which have obtained Payment Licenses into foreign-invested payment institutions.

Regulations on Network Payment

The Administrative Measures on Network Payments by Non-bank Payment Institutions (《非銀行支付機構網絡支付業務管理辦法》) (the **“Administrative Measures on Network Payment”**) promulgated by the PBOC on December 28, 2015 came into force on July 1, 2016. According to the Administrative Measures on Network Payment, network payment services refer to the monetary

funds transfer services provided by the payment institution when the payee or payer, through computers and mobile terminals, etc., remotely initiates payment instructions relying on public network information system, with no interaction between the payer's electronic devices and the payee's specific personal devices. According to the Decree No.2 of PBOC, the network payment businesses include currency exchange, internet payment, mobile payment, telephone payment and digital television payment. Our approved network payment businesses currently include national mobile phone payment.

The Administrative Measures on Network Payment stipulates that a real-name management system shall apply when the payment institutions provide the network payment services. A payment institution shall register the real name and identity information of the account holder, and take effective measures to verify such information. The individual payment accounts are divided into category I, II and III payment accounts according to the different validation methods and the degree of effectiveness of the validation, and managed separately. The larger number of legal and safe external cross-validation of the individual payment accounts and the more reliable methods of authentication provided, the higher the level of payment services is available to the customer. The payment institution shall guarantee the authenticity, integrity, traceability of the transaction information and the consistency in the whole payment, and shall not tamper with or conceal the transaction information.

With regard to risk management and protection of clients' rights and interests, the Administrative Measures on Network Payment stipulates that payment institutions shall, according to the customers' risk rating, transaction validation mode, transaction channel, transaction terminal or type of interface, transaction type, transaction amount, transaction time and merchant category, etc., establish the transaction risk management system and the transaction monitoring system and take timely measures, such as investigation and verification, delay of settlement and termination of services, to crack down on transactions suspected to be fraud, cashing out, money laundering, illegal financing, and terrorist financing, etc. The Administrative Measures on Network Payment further stipulates that payment institutions shall establish a sound risk reserve system and transaction compensation system, and shall protect the legitimate rights and interests of the client by making timely, full advance compensation for any and all capital losses which cannot be effectively proved being caused by the client; moreover, in accordance with the provisions of the PBOC on client information protection, effective client information protection measures and risk control mechanisms shall be established to protect client information.

The Payment and Settlement Department of the PBOC issued the Notice on the Transfer of the Network Payment Business of Non-bank Payment Institutions from the Direct-Connection Mode to the NetsUnion Platform (《關於將非銀行支付機構網絡支付業務由直連模式遷移至網聯平台處理的通知》) to require that starting from June 30, 2018, all the non-bank payment institutions' network payment business involving bank accounts shall be processed through the NetsUnion.

According to the Notice on Further Strengthening the Rectification of Unlicensed Operation of Payment Business (《關於進一步加強無證經營支付業務整治工作的通知》) issued by the General Office of the PBOC on November 13, 2017, the PBOC would impose greater penalties to the unlicensed entities engaging in the payment business, and would cut off the payment business channels used by such unlicensed entities.

Regulations on Bankcard Acquiring Business

The Administrative Measures on Bankcard Acquiring Services (《銀行卡收單業務管理辦法》) (the “**Measures on Bankcard Acquiring**”) promulgated by the PBOC on July 5, 2013 came into force on the same day. According to the Measures on Bankcard Acquiring, bankcard acquiring business refers to the activities that bankcard acquirers provide specially engaged commercial businesses with transaction funds settlement services after the specially engaged merchants acquire bankcards and conclude transactions with related cardholders based on the bankcard acceptance agreement signed between the bankcard acquirers and the specially engaged merchants. The bankcard acquirers include payment institutions which provide offline merchants with bankcard acceptance and settlement services under Payment License of bankcard acquiring as well as payment institutions which provide internet merchants with bankcard acceptance and settlement services under Payment License of network payment.

The Measures on Bankcard Acquiring requires the bankcard acquirers to conduct real-name management of the merchants and to follow the principle of “know your client”; local business and management shall be carried out for acquiring business of entity merchants, acquiring services shall be provided through bankcard acquirers or their branches in the provincial (district or city) domain where the merchant and its branches are located. No business shall be carried out on a cross-provincial (district or city) domain. Meanwhile, the Measures on Bankcard Acquiring requires the bankcard acquirers shall safeguard the legitimate rights and interests of the parties concerned according to law, and ensure information security and transaction security and the acceptance terminal (network payment interface) provided by the bankcard acquirers to its franchised merchants shall comply with the technical standards promulgated by the State and the financial industry as well as the relevant requirements on information security management.

The Measures on Bankcard Acquiring provides relevant business compliance requirements for non-bank payment institutions to engage in bankcard acquiring business, including setting up and sending acquiring transaction information according to the regulations. The institution shall conduct the fund settlement for merchants according to the agreed time limit and shall not intercept or misappropriate the funds to be settled of a merchant or cardholder. The institution shall coordinate with the bankcard-issuing bank and shall assist with the risk warning investigation issued by the bankcard clearing institutions. The bankcard acquirers shall strictly manage outsourcing business, and perform the obligation to keep the account information confidential.

Regulations on Outsourcing of Bankcard Acquiring Business

The PBOC promulgated Notice on the Management of Bankcard Acquiring Outsourcing (《關於加強銀行卡收單業務外包管理的通知》) (the “**Notice on Outsourcing Management**”) on June 28, 2015, which took effect on the same day. The Notice on Outsourcing Management defines the outsourcing limit of acquiring business, stipulating that, the verification of merchant qualification, execution of acceptance agreement, transaction processing of acquiring services, fund settlement, risk monitoring, the acceptance of generation and management of terminal secret keys, and error and disputes settlement, shall not be outsourced.

Pricing Mechanism of Bankcard Transaction Fee

The NDRC and the PBOC promulgated the Notice on the Improvement of Pricing Mechanism of Bankcard Transaction Fee (《關於完善銀行卡刷卡手續費定價機制的通知》) (the “**Notice on Improvement of Pricing Mechanism**”) on March 14, 2016, which took effect on the same day. According to the Notice on Improvement of Pricing Mechanism, the pricing of bankcard acquiring processing fee became more market-driven, the original rules of UnionPay stipulating that the acquiring processing fees were shared among issuing banks, bankcard acquirers and UnionPay in the proportion of approximately 70%, 20% and 10% respectively were cancelled, the service fees charged by the bankcard acquirers will be changed from the prevailing government-guided price to the market-adjusted price, and the specific rates shall be determined after negotiation between bankcard acquirers and the merchants. In addition, the Notice on Improvement of Pricing Mechanism also reduces the issuing bank’s service fees, the rate level of which shall be no more than 0.35% of the transaction amount by debit cards and no more than 0.45% of the transaction amount by credit cards. Meanwhile, the interchange fee rates charged by bankcard clearing institutions to bankcard acquirers shall not be higher than 0.0325% (not more than RMB3.25 for a single charge amount).

Regulations on the Measures for Client Reserve Funds

The Administrative Measures on Depository of Client Reserve Funds of Payment Institutions (《支付機構客戶備付金存管辦法》) (the “**Measures on Client Reserve Funds Depository**”) promulgated by the PBOC on June 7, 2013 came into force on the same day. The Measures on Client Reserve Funds Depository stipulates that payment institutions shall deposit the full monetary capital (client reserve funds) received in advance to handle the payment business on behalf of the client to the special deposit account opened by payment institutions with the depository bank. The Measures on Client Reserve Funds Depository also strictly regulates the storage, accumulation, use, transfer and other depository activities of the client reserve funds.

On January 19, 2021, the PBOC issued the Measures for Deposit and Management of Customer Reserve Funds by Non-bank Payment Institutions, or the Measures for Customer Reserve Funds, which became effective on March 1, 2021, and Measures on Client Reserve Funds

Depository ceases to be effective on the same date. The Measures for Customer Reserve Funds define “Clients’ Reserves” as funds actually received by non-bank payment institutions when processing payments for clients and payable upon clients’ order, which shall be fully deposited by the non-bank payment institutions into a dedicated deposit account held in the custody of banking institutions. The Measures for Customer Reserve Funds standardize the centralized deposit and management business of customer’s reserves after centralized deposit of reserves, further refine the provisions on deposit, use and transfer of reserves, clarify the corresponding reserve management responsibilities of the PBOC and its branches, clearing institutions and reserve banks, set punishment standards for violations of customer’s reserves and promote the healthy development of the industry health development.

The Notice on the Implementation of Centralized Deposit of Client Reserve Funds of the Payment Institution issued by the General Office of the PBOC (《中國人民銀行辦公廳關於實施支付機構客戶備付金集中存管有關事項的通知》) (the “**Notice on Deposit**”) was promulgated by the General Office of the PBOC on January 13, 2017. The Notice on Deposit requires that payment institutions shall deposit the client reserve funds with a certain proportion to the special deposit account of the appointed authority. According to the Notice on Deposit, interest shall not be paid on the client reserve funds.

The General Office of the PBOC issued the Guidelines for Deposit of Part of the Client Reserve Funds in the PBOC by Payment Institutions (《支付機構將部份客戶備付金交存人民銀行操作指引》) (“**Operation Guidelines**”) on March 6, 2017, and it took effect on the same day. According to the Operation Guidelines, payment institutions shall, starting from April 17, 2017, designate a branch of provision depository bank at the place of the legal person as the depository bank, and the branch of the PBOC at the place of the depository bank shall open a special savings account to handle the deposit of client reserve funds.

The General Office of the PBOC issued Notice on Adjustment of Centralized Deposit Proportion of Client Reserve Funds by Payment Institutions (《關於調整支付機構客戶備付金集中交存比例的通知》) (the “**Notice on Adjustment of Centralized Deposit Proportion**”) on December 29, 2017, which took effect on the same day. According to the Notice on Adjustment of Centralized Deposit Proportion, the original centralized deposit proportion shall still be executed in January 2018, and the centralized deposit proportion shall be increased by 10% monthly from February to April. Starting from the second quarter of 2018, the adjustment will take place quarterly.

Regulations on Anti-Money Laundering and Anti-Terrorism Financing

The Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》) (the “**Anti-Money Laundering Law**”) promulgated by the Standing Committee of the National People’s Congress on October 31, 2006 came into force on January 1, 2007. The Anti-Money Laundering Law stipulates that specific non-financial institutions under anti-money

laundering obligations shall take precautionary and monitoring measures and comply with their anti-money laundering obligations, including establishing a sound client identification system, client identification information and transaction record-keeping system, block transaction and suspicious transaction reporting system. According to the Decree No. 2 of PBOC, payment institutions with the Payment License shall comply with the regulations related to the Anti-Money Laundering Law and comply with anti-money laundering obligations. The PBOC and its branches shall conduct regular or occasional site inspections and non-site inspections of the anti-money laundering work of payment institutions in accordance with the law.

The Measures for Anti-Money Laundering and Anti-Terrorism Financing of Payment Institutions (《支付機構反洗錢和反恐怖融資管理辦法》) (the “**YF Decree No. 54**”) promulgated by the PBOC on March 5, 2012 came into force on the same day. The YF Decree No. 54 stipulates that payment institutions which have obtained the Payment License shall carry out the obligations of anti-money laundering and anti-terrorism financing in accordance with the law. The main aspects include client identification, client identification information and transaction record-keeping, suspicious transaction reports, anti-money laundering and anti-terrorism financing surveys, etc. The Management Measure on Large and Suspicious Transactions Reporting for Financial Institutions (amended in 2016) (《金融機構大額交易和可疑交易報告管理辦法》(2016年修訂)) (the “**YF Decree No.3**”) was promulgated by the PBOC on December 28, 2016, came into effect on July 1, 2017, and was amended on July 26, 2018. YF Decree No.3 stipulates that payment institutions shall fulfill their obligations of reporting large transactions and suspicious transactions and formulate internal management systems and operational regulations and procedures for reporting large transactions and suspicious transactions to establish a sound monitoring system for large transactions and suspicious transactions.

Regulations on Financial Consumers Protection

The Implementation Measures of the PBOC for Protecting Rights and Interests of Financial Consumers (《中國人民銀行金融消費者權益保護實施辦法》) was promulgated by the PBOC on September 15, 2020 and came into force on November 1, 2020. The regulations provided that non-bank payment institutions shall include the protection of financial consumers’ rights and interests in their strategies on corporate governance, corporate culture development and business development, and formulate the overall plans and specific measures for the protection of financial consumers’ rights and interests. The non-bank payment institutions shall also set up a special department, or designate a leading department, for the protection of financial consumers’ rights and interests, specify the responsibilities of the relevant department and personnel, ensure that the department has sufficient human resources and material resources to conduct the work independently, and regularly report the work progress to the senior management and the board of directors. Moreover, the payment institutions shall establish and improve the internal control systems for the protection of financial consumers’ rights and interests, including an evaluation

mechanism for the protecting financial consumers' rights and interests, a mechanism for assessing risk levels of financial consumers, a mechanism for protecting consumers' financial information, and a mechanism for disclosure and inquiry of information on financial products and services, etc.

Regulations on Detection and Authentication Management of Payment Business System

The Regulations on Inspection and Verification of Non-financial Institutions Payment Service Business System (《非金融機構支付服務業務系統檢測認證管理規定》) promulgated by the PBOC on June 16, 2011 came into force on the same day. The regulations implement payment business safety management requirements for the third-party payment institution business system and communication system, etc. The PBOC is responsible for the approval and management of inspection and qualification verification. Certification institutions which are recognized and approved by relevant national authorities as well as certified and authorized by the PBOC are qualified to conduct inspections and certifications on the business system of third-party payment institutions.

Regulations on QR Payment Business Standard

According to the Rules for the QR Payment Business Standard (Trial) (《條碼支付業務規範(試行)》) (the “**Rules**”) issued by the PBOC on December 25, 2017, which came into force on April 1, 2018, it is expressly stipulated that the QR payment business refers to business activities where banking financial institutions or non-bank payment institutions apply QR technologies to realize the transfer of monetary funds between the payers and payees, including payment code scanning and receipt code scanning. The Rules provides that a non-bank payment institution which conducts QR payment business shall obtain the relevant license as required and conduct the business in a standard manner in accordance with the corresponding administrative measures.

REGULATIONS ON MICRO-CREDIT BUSINESS

According to the Guiding Opinion on the Pilot Operation of Micro Credit Companies (《關於小額貸款公司試點的指導意見》) which was promulgated by the China Banking Regulatory Commission (the “**CBRC**”, and subsequently known as the China Banking and Insurance Regulatory Commission, the “**CBIRC**”) and the PBOC on May 4, 2008, a micro credit company is a company that specializes in operating a micro-credit business with investments from natural persons, legal entities or other social organizations, and which does not accept public deposits. The establishment of a micro credit company is subject to the approval of the competent government authority at the provincial level. The provincial governments may launch the pilot operation of micro credit companies within their prefectural regions if they could designate a competent department, financial affairs office or other relevant institutions to be responsible for the supervision and administration of micro credit companies and willing to take responsibility for handling the micro credit companies' risks. Financial Affairs Office of Guangdong Provincial People's Government issued the Notice on the Issuance of Guangdong Province Micro Credit

Companies Management Measures (for trial implementation) (關於印發《廣東省小額貸款公司管理辦法(試行)》的通知) (the “**Guangdong Micro Credit Measures**”) on January 23, 2009, which set out conditions for the establishment and operational management requirements of micro-credit companies, as well as regulatory and risk prevention measures. However, as of the date of this Offering Circular, some of practices contradicted with the regulations specified in the Guangdong Micro Credit Measures, which would be subject to further implementation and interpretation of the governmental authority. For example, the Guangdong Micro Credit Measures forbids a micro credit company to engage business cross the border of the county level, but Guangdong Local Financial Supervision and Administrative Bureau has approved many micro credit companies to engage business within the whole territory of Guangdong Province.

According to the Administrative Measures for Internet Micro Credit Companies in Guangzhou Private Financial Street (for Trial Implementation) (《廣州民間金融街互聯網小額貸款公司管理辦法(試行)》) (the “**Guangzhou Internet Microlending Measures**”), issued by the office of Yuexiu District People’s Government of Guangzhou Municipality on October 21, 2016 and became effective on December 21, 2016, enterprises engaged in Internet micro credit lending business would be subject to certain requirements and the approval of the competent government authority at the municipal level. However, the Guangzhou Internet Microlending Measures ceased to be effective from the date three years after it effectiveness, and it becomes unclear whether a micro credit companies in Guangzhou shall meet additional requirements to engage in Internet micro credit lending business.

On December 1, 2017, the Office of Internet Finance Risk Rectification Special Task Force and the Office of Online Peer-to-Peer Lending Risk Rectification Special Task Force, established by the PBOC, the CBRC and other PRC regulatory agencies, jointly issued the Circular on Regulating and Rectifying of “Cash Loan” Services (《關於規範整頓“現金貸”業務的通知》) (the “**Circular 141**”). Circular 141 aims to regulate “cash loan” operations in China and outlines the general principles for “cash loan” services. It also sets out requirements and limitations for online micro-lending services.

On September 7, 2020, the CBIRC issued the Notice of the General Office of the CBIRC on Strengthening Supervision and Administration of Microlending Companies (《中國銀保監會辦公廳關於加強小額貸款公司監督管理的通知》) (the “**Microlending Companies Notice**”). The Microlending Companies Notice stipulates that Microlending Companies mainly operate in the lending business and the amount of their external financing are limited. Specifically, the balance of financing of Microlending Companies through non-standardized forms of financing such as bank and shareholder loans shall not exceed its net assets; the balance of financing of Microlending Companies through the issuance of bonds, asset securitization products and other standardized debt assets shall not exceed four times of its net assets. The Microlending Companies Notice also sets out a number of provisions on various aspects of Microlending Companies business operations, including petty sum and decentralization, loan usage, operating areas, interest rates and prohibited behaviors. In particular, Microlending Companies should strengthen their capital management and

improve their operating systems, including pre-lending investigation, investigation during and after lending, separation of loans and risk classification of loans. In addition, Microlending Companies should improve a number of business practices, such as standardizing debt collection procedures, enhancing information disclosure, maintaining proper client information and cooperating with supervision and inspection.

REGULATIONS ON FINANCING GUARANTEE

In August 2017, the PRC State Council promulgated the Regulations on the Supervision and Administration of Financing Guarantee Companies (《融資擔保公司監督管理條例》), or Financing Guarantee Regulations, which became effective on October 1, 2017. The Financing Guarantee Regulations set out the approval requirements for the establishment of a financing guarantee company or engagement in the financing guarantee business. On October 9, 2019, the CBIRC jointly with other regulatory authorities, issued the Circular on Issuing Supplementary Provisions on Supervision of Financing Guarantee Companies (《關於印發融資擔保公司監督管理補充規定的通知》), to further regulate certain financial activities.

On April 2, 2018, CBRC promulgated the Notice on Issuing Four Supporting Systems of the Regulations on the Supervision and Administration of Financing Guarantee Companies (《關於印發〈融資擔保公司監督管理條例〉四項配套制度的通知》). These measures set forth detailed implementation rules under the regulatory framework of Financing Guarantee Regulations, including the administration of the financing guarantee license, the calculation method for outstanding guarantee liabilities, the asset ratio requirements for financing guarantee companies, and the guidance for the cooperation between commercial banks and financing guarantee companies. These measures also stipulated that “Internet lending” is one of the debt financing activities for which the financing guarantee companies could provide guarantee services.

REGULATIONS ON INTERNET ADVERTISEMENTS AND ONLINE ADVERTISING

Pursuant to the Advertisement Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the SCNPC on October 27, 1994, and most recently amended and effective from April 29, 2021, advertisements shall not contain false statements or be deceitful or misleading to consumers. Advertisements relating to pharmaceuticals and medical devices, shall be reviewed by relevant authorities in accordance with applicable rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise.

Pursuant to the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》) which was promulgated by the SAIC on July 4, 2016 and became effective as of September 1, 2016, the Internet advertisement must be visibly marked as “advertisement”. Advertisements for special commodities or services such as medical treatment, pharmaceuticals, foods for special medical purposes and other health foods must be reviewed by competent authorities before online publication.

REGULATIONS ON PERSONAL INFORMATION AND PRIVACY PROTECTION

The Regulations on Protection of Personal Information of Telecommunications and Internet User (《電信和互聯網用戶個人信息保護規定》), which was promulgated by the MIIT and became effective on September 1, 2013, regulates the collection and use of users' personal information in the provision of telecommunication services and internet information services in mainland China. The personal information includes the user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user.

According to the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》) promulgated by MIIT on December 29, 2011 and which took effect on March 15, 2012, without the consent of the users, internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information, nor shall they provide personal information of users to others, unless provided by laws and administrative regulations. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, internet information service providers shall immediately take remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

According to the Cyber Security Law (《網絡安全法》) (the “**Cyber Security Law**”) which was promulgated by the Standing Committee of the National People's Congress and became effective on June 1, 2017, network operators, including internet information service providers, must take technical measures and other necessary measures in accordance with the provisions of applicable laws and regulations as well as the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. An internet service provider which violates the provisions or requirements under the Cyber Security Law may be subject to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

Licenses for Value-added Telecommunications Services

The Telecommunications Regulations of the People's Republic of China (《中華人民共和國電信條例》) (the “**Telecommunications Regulations**”), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, provides a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations requires telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorizes telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry of the PRC (the “**MIIT**”, which is the predecessor of the MIIT) on February 21, 2003 and last amended by the MIIT on June 6, 2019, information services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

On March 1, 2009, the MIIT issued the Administrative Measures for the Licensing of Telecommunications Business (《電信業務經營許可管理辦法》) (the “**Telecom Licensing Measures**”), which took effect on April 10, 2009 and was last amended on July 3, 2017. The Telecom Licensing Measures confirms that there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services (the “**VATS License**”). The operation scope of the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunications services operator shall conduct its business in accordance with the specifications listed in its VATS License. In addition, the holder of a VATS License is required to obtain approval from the original issuing authority in respect of any change to its shareholders.

On September 25, 2000, the State Council promulgated the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Information Measures**”), which was amended on January 8, 2011. Under the Internet Information Measures, commercial Internet information services operators shall obtain a VATS License with the business scope of Internet information service (an “**ICP License**”), from the relevant government authorities before engaging in any commercial Internet information services operations within the PRC. The provision of information services through mobile applications is subject to the PRC laws and regulations governing internet information services. In addition, on June 28, 2016, the State Internet Information Office promulgated the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**Mobile Application Administrative Provisions**”) to strengthen the regulation of the mobile application information services. Pursuant to the Mobile Application Administrative Provisions, a mobile internet application program provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and

voluntary real name display at the front-office end. A mobile internet application program provider must not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant application programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and application programs. Furthermore, on December 16, 2016, the MIIT promulgated the Interim Administrative Provisions on the Pre-Installation and Distribution of Mobile Smart Terminal Application Software (《移動智能終端應用軟件預置和分發管理暫行規定》) (the “**Mobile Application Interim Provisions**”) which took effect on July 1, 2017. The Mobile Application Interim Provisions requires, among others, that Internet information services providers must ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic functional software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

The content of the Internet information is highly regulated in China and pursuant to the Internet Information Measures, the PRC government may shut down the websites of ICP License holders and revoke their ICP Licenses if they produce, reproduce, disseminate or broadcast Internet content that contains content that is prohibited by law or administrative regulations. Commercial Internet information services operators are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities.

Restrictions on Foreign Investment

Investments activities in China by foreign investors are principally governed by the Guidance Catalog for the Encouraged Foreign Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄》(2020年版)) (the “**Catalog**”) and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “**Negative List**”), which were both promulgated by the MOFCOM and the NDRC and each became effective on January 27, 2021 and January 1, 2022, respectively. The Negative List sets out the industries in which foreign investments are prohibited or restricted. Foreign investors would not be allowed to make investments in prohibited industries, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. According to the Negative List and the Catalog, the proportion of foreign investments in entities engaged in value-added telecommunications business (except for electronic commerce, domestic multi-party communication, store-and-forward, and call center) shall not exceed 50% and the operation of internet culture business (excluding music) remains as prohibited areas for foreign investment.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the “**Office of the Working Mechanism**”) will be established under the NDRC who will lead the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. “Control” as contemplated in item (ii) of the preceding sentence exists when the foreign investor (a) holds over 50% equity interests in the target enterprise, (b) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target enterprise even when it holds less than 50% equity interests in the target, or (c) has material impact on the target enterprise’s business decisions, human resources, accounting and technology.

The State Council recently revised the Regulations for the Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) which took effect from May 1, 2022 (the “**2022 FITE Regulations**”). The 2022 FITE Regulations, among others, no longer requires the main foreign investor who invests in a value-added telecommunications business in the PRC to possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations. The 2022 FITE Regulations prescribes that foreign investors are not allowed to hold more than 50% of the equity interests of a company engaged in value-added telecommunications business, except as otherwise stipulated by the state, and that a foreign-invested enterprise must be approved by the MIIT to engage in value-added telecommunications business.

In July 2006, the MII released the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “**MIIT Circular**”) pursuant to which, domestic telecommunications enterprises were prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Circular, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (including any shareholder thereof).

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The Copyright Law

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and with effect from June 1, 2021, Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture.

Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》), that were promulgated by the MII and National Copyright Administration (the “**NCA**”) and took effect on May 30, 2005, provide that an Internet information service provider shall take measures to remove the relevant contents, record relevant information after receiving the notice from the copyright owner that some content communicated through Internet infringes upon his/its copyright and preserve the copyright owner’s notice for six months. Where an Internet information service provider clearly knows an Internet content provider’s tortious act of infringing upon another’s copyright through Internet, or fails to take measures to remove relevant contents after receipt of the copyright owner’s notice although it does not know it clearly, and meanwhile damages public benefits, the infringer shall be ordered to stop the tortious act, and may be imposed of confiscation of the illegal proceeds and a fine of not more than three times the illegal business amount; if the illegal business amount is difficult to be calculated, a fine of not more than RMB100,000 may be imposed.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (the “**Software Copyright Measures**”), promulgated by the NCA on February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The NCA shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Centre of China (the “**CPCC**”) is designated as the software registration authority. The CPCC shall grant registration certificates to the computer software copyrights applicants which conform to the provisions of the Software Copyright Measures and the Regulations on Computer Software Protection (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Law to Trial of Civil Dispute Cases of Infringement of Information Network Transmission Right (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) provides that web users or web service providers who create works, performances or audio-video products,

for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019, and took effect on November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》), adopted by the State Council on August 3, 2002, and revised on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a term of 10 years to registered trademarks commencing from the date of registration and the registered trademarks can be renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and implemented on November 1, 2017, the establishment of domain name root servers, domain name root servers operating institutions, domain name registration and management institutions and domain name registration service institutions within the PRC shall obtain permits from competent governmental authorities of telecommunications. In principle, the domain name registration services are subject to the rule of “first come, first served”, unless otherwise stipulated in corresponding detailed implementing rules for the domain name registration. Furthermore, the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated on November 27, 2017 and implemented on January 1, 2018 stipulates that the identities of internet information service providers shall be checked and verified by the internet access service providers in accordance with the Anti-Terrorism Law of the PRC (《中華人民共和國反恐怖主義法》) and the Cyber Security Law of the PRC for the purpose of overall anti-terrorism and maintaining internet security.

The Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the PRC Patent Bureau Council on January 19, 1985, last amended on January 9, 2010, and effective from February 1, 2010, there are three types of patents in the PRC:

invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 years and the protection period of a patent right for design patents shall be 15 years, all commencing on the filing date. According to the Patent Law of the PRC, any entity or individual that seeks to exploit a patent owned by another party shall enter into a patent license contract with the patent owner concerned and pay patent royalties to the patent owner. Pursuant to the Measures for the Filing of Patent Licensing Contracts (《專利實施許可合同備案辦法》), which was promulgated by the State Intellectual Property Office on June 27, 2011 and became effective from August 1, 2011, the State Intellectual Property Office shall be responsible for filing of patent licensing contracts nationwide and the parties concerned shall complete filing formalities within three months from the effective date of a patent licensing contract.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”), which was implemented on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and effective on January 1, 1995 and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

Social Insurance and Housing Fund

As required under the Regulations on Work-Related Injury Insurance (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》)

issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

According to the Regulation on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and was last amended on March 24, 2019, enterprises must register with the competent managing center for housing provident funds and, upon the examination by such managing center of housing provident fund, complete procedures for opening an account at the relevant bank for the deposit of employees' housing provident funds. Employers are required to contribute, on behalf of their employees, to housing provident funds. The payment is required to be made to the special housing accumulation fund account in a bank. Any employer who fails to contribute may be ordered to make good the deficit within a stipulated time limit or applied to a People's Court for compulsory enforcement by local administrative authorities.

FOREIGN INVESTMENT LAW (2019)

The Foreign Investment Law of PRC (2019) (《中華人民共和國外商投資法》) (the “**FIL**”) was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020.

The FIL stipulates the regulation of foreign investments by way of affording treatment equivalent to national prior to establishment of the foreign investments and by way of having a “negative list”. The “negative list”, which will be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in China. A foreign investor shall not invest in any field prohibited from foreign investment under the “negative list”. A foreign investor shall meet the investment conditions stipulated under the “negative list” for any restricted fields under the “negative list”. For fields not mentioned in the “negative list”, domestic and foreign investments shall be treated equally. The FIL does not set out the “negative list.”

Differing from the definition of “foreign investors” stipulated in the Foreign Investment Law (2015 Draft), the definition of “foreign investors” in the FIL only includes foreign natural persons, enterprises and other organizations, which does not include enterprises incorporated within the territory of China in accordance with Chinese laws but controlled by foreign natural persons or entities.

Moreover, the FIL does not stipulate whether “foreign investment” as defined thereunder includes contractual arrangements. Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes “investments through other means stipulated under laws or administrative regulations or by the State Council” without elaboration on the meaning of “other means.”

On December 26, 2019, the State Council released the Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**FIL Implementing Regulations**”), which took effect on January 1, 2020. The FIL Implementing Regulations follows the principles of promoting and protecting foreign investments. It requires that foreign enterprises and domestic enterprises be treated equally with respect to policy making and implementation. The FIL Implementing Regulations also requires that foreign enterprises change their organization forms within five years from the effective date. The FIL Implementing Regulations does not specify whether foreign investment includes contractual arrangements.

The FIL and the FIL Implementing Regulations are relatively new. The interpretation and implementation of the FIL and FIL Implementing Regulations might differ from our understanding. If any other related regulations subsequently define other means of foreign investment to include contractual arrangements, the regulations above will not only apply to our Company, but also apply to other entities which operate under contractual arrangements.

DIRECTORS AND MANAGEMENT

DIRECTORS

The functions and duties of our Board include convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the articles of association of the Issuer (as amended from time to time).

The members of the Board as at the date of this Offering Circular are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Liu Yingqi (劉穎麒)	45	Chairman, chief executive officer and executive Director
Yao Zhijian (姚志堅)	41	Executive Director and chief financial officer
Luo Xiaohui (羅小輝)	39	Executive Director and chief architect
Mathias Nicolaus Schilling	50	Non-executive Director
Akio Tanaka (田中章雄)	52	Non-executive Director
Tam Bing Chung Benson (譚秉忠)	58	Independent non-executive Director
Yao Wei (姚衛)	45	Independent non-executive Director
Yang Tao (楊濤)	48	Independent non-executive Director

Executive Directors

Mr. Liu Yingqi (劉穎麒), aged 45, is our chairman, chief executive officer and an executive Director. He was appointed as a Director on September 8, 2011 and was re-designated as executive Director on November 4, 2019. He is responsible for formulating the overall development strategies and business plans and overseeing the management and strategic development of our Group. Mr. Liu is the chairman of the nomination committee and the environmental, social and governance committee of our Company and a member of the remuneration committee of our Company. He is also a director of Yeahka HK since October 2011, a director and the general manager of Shenzhen Yeahka since September 2013 and August 2012 respectively, the general manager of Yeahka WFOE since April 2012 and a director of Leshua Technology since July 2013.

Mr. Liu has over 22 years of experience in corporate management and information technology. Prior to joining our Group, Mr. Liu has served as the general manager of Shenzhen Tenpay Technology Company Limited (深圳市財付通科技有限公司) (currently known as Tenpay Payment Technology Co., Ltd. (財付通支付科技有限公司)), an online payment platform company founded by Tencent, from August 2006 to December 2011, during which he was employed by two Tencent group companies respectively. He has been assigned the role of general manager of the online payment department in Tencent Digital (Tianjin) Co., Ltd. (騰訊數碼(天津)有限公司) from January 2008 to December 2011 and role of general manager in Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), being responsible for supervising and managing the online payment of Tencent group companies, from May 2001 to December 2007. Mr. Liu was an engineer of Huawei Technologies Co., Ltd. (華為技術有限公司), a communication technology company, from June 2000 to April 2001.

Mr. Liu graduated from Changsha University of Science & Technology (長沙理工大學), formerly known as Changsha Communications College (長沙交通學院), with a bachelor's degree in computer application, in June 1999.

Mr. Liu was awarded Shenzhen Municipal Government local leading talents (深圳市政府地方級領軍人才) in 2009, an award which recognizes the contribution of talents from different industries.

Mr. Yao Zhijian (姚志堅), aged 41, was appointed as a Director on January 3, 2019 and was re-designated as an executive Director on November 4, 2019. He was appointed as chief financial officer of our Company on October 24, 2011 and is responsible for overseeing the financial and accounting affairs of our Group, capital and financial management and assisting the chief executive officer in organizational structure of our Group. Mr. Yao has been the chief financial officer and senior vice president of Shenzhen Yeahka since he joined our Group in October 2011 and the general manager of the finance department of Leshua Technology since October 2013, where he was responsible for the capital and financial management. He has also been a director of Yeahka HK since December 2018. He is a member of the environmental, social and governance committee of our Company.

Mr. Yao has over 17 years of experience in the financial and accounting industry. Prior to joining our Group, Mr. Yao first served as an accountant and was promoted to financial officer of Shenzhen Baode Shipping Co., Ltd. (深圳市保得海運有限公司), a shipping company, from December 2004 to October 2011 with his last position being the chief financial officer. He was the tax supervisor of Walmart Business Consulting (Shenzhen) Co., Ltd. (沃爾瑪商業諮詢(深圳)有限公司), a company engaged in global retail, from January 2004 to December 2004. From August 2002 to December 2003, he served as the financial officer of Shenzhen Zhongtianyuan Industry Co., Ltd. (深圳市中天元實業有限公司), a concrete processing company.

Mr. Yao graduated from South China University of Technology (華南理工大學), with a bachelor's degree in accounting computerization, in December 2006 through self-learning. He obtained the qualification of Intermediate Accountant (中級會計師) from the Ministry of Finance of the People's Republic of China in May 2004.

Mr. Luo Xiaohui (羅小輝), aged 39, was appointed as an executive Director on August 27, 2020 with effect from August 28, 2020. He joined our Group in October 2018 and has served as the chief architect (首席架構師) of our Company and Shenzhen Yeahka since December 2018. He is responsible for overseeing our Group's technical architecture, planning and management of technology innovation, and managing the architecture committee and AI laboratory.

Mr. Luo has over 15 years of experience in the information technology sector. Prior to joining our Group, Mr. Luo was a vice president of the technology department of Shenzhen Kuiyuan Technology Co., Ltd (深圳市葵園科技有限公司), a company engaged in software and information technology services, from October 2015 to August 2018. From July 2004 to August 2014, he served various positions and was promoted to deputy director of development center of Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), an internet-based technology and cultural enterprise headquartered in Shenzhen, China.

Mr. Luo graduated from Sichuan University (四川大學) with a bachelor's degree in electronic information engineering in July 2004.

Non-executive Directors

Mr. Mathias Nicolaus Schilling, aged 50, was appointed as a Director on March 9, 2015 and re-designated as a non-executive Director on November 4, 2019. He is responsible for providing advice to the overall development of our Group. As of the date of this Offering Circular, Mr. Schilling held 47.5% of the total issued share capital in e.ventures Growth GP, LLC, the general partner of e.ventures Growth, L.P.

Mr. Schilling has been a managing director of e.ventures Management VI, LLC, e.ventures Management, LLC., eVenture Capital Partners II LLC and BV Capital Management, LLC since September 2019, June 2014, September 2011 and June 2000, respectively. One of the funds under e.ventures Management, LLC. is a shareholder of our Group. He has over 22 years of experience in venture capital investment in the area of telecommunications, media and technology.

Mr. Schilling graduated from University of St. Gallen in Switzerland, with a diploma in economics and business administration in February 1998.

Mr. Akio Tanaka (田中章雄), aged 52, was appointed as a non-executive Director on August 27, 2020 with effect from August 28, 2020. He is a managing partner of Infinity Ventures Partners since February 2008. He is also the director of IVP Advisory Co., Ltd., which advises several

funds including IVP Fund II A, L.P. and IVP Fund II B, L.P. (collectively, the “**IVP Funds**”), and serves as directors of businesses related to the funds’ portfolio companies. As of December 31, 2021, IVP Funds were investment funds with an investment portfolio of US\$255 million which focuses on venture capital investments in technology companies with a primary focus in Japan and China. As of the date of this Offering Circular, Mr. Tanaka holds the entire issued share capital of Growth Tree Ltd which in turn holds 100% of the total issued share capital in each of IVP Fund II A (GP), Ltd. and IVP Fund II B (GP), Ltd., the respective general partners of IVP Fund II A L.P. and IVP Fund II B L.P. From December 2005 to January 2008, he served as the director of the emerging market investments at Adobe Systems Inc. From January 2002 to December 2005, he served as the chief technology officer of Macromedia Japan and also the vice president and the advisor to the chief executive officer of Macromedia Inc. Mr. Tanaka has over 27 years of experience in venture investment, international business development and information technology.

Mr. Tanaka graduated from the University of British Columbia, with a bachelor’s degree and a master’s degree in Geography, in May 1992 and November 1994, respectively.

Independent Non-executive Directors

Mr. Tam Bing Chung Benson (譚秉忠), aged 58, was appointed as an independent non-executive Director on December 6, 2019. He is responsible for providing independent advice and judgment to our Board. Mr. Tam is a member of the audit committee, remuneration committee and nomination committee of our Company.

Mr. Tam has been an independent director of Momo Inc. (ticker symbol: MOMO), the shares of which are listed on NASDAQ, since December 2014 and a director of Podinn Hotel Zhejiang Co., Ltd (布丁酒店浙江股份有限公司), a hotel management company listed on National Equities Exchange and Quotations (NEEQ: 839121), since September 2019. He has also been an independent non-executive director of Longhui International Holdings Limited (龍輝國際控股有限公司) (stock code: 1007. HK), a China-based company principally engaged in catering business, since March 1, 2019. Mr. Tam is the founder and chief executive officer of Venturous Group, China’s first Citytech™ Group with a mission to make cities smarter, since April 2019. He was a partner of Fidelity Growth Partners Asia (formerly known as Fidelity Asia Ventures), a venture capital firm, from February 2002 to February 2012.

Mr. Tam obtained a master’s degree in science from University of Oxford in July 1986 and a bachelor’s degree in science (engineering) in civil engineering from Imperial College of Science and Technology of the University of London in August 1984.

Mr. Tam is a member of The Institute of Chartered Accountants in England and Wales since September 1989.

Mr. Yao Wei (姚衛), aged 45, was appointed as an independent non-executive Director on December 6, 2019. He is responsible for providing independent advice and judgment to our Board. Mr. Yao is the chairman of the audit committee and remuneration committee of our Company, and a member of the nomination committee and the environmental, social and governance committee of our Company. Mr. Yao has over 17 years of management experience in technology industry. Mr. Yao has been appointed as the legal representative of Guangzhou Aiwei Technology Development Co., Ltd. (廣州艾威科技發展有限公司), a research and development company, since March 2020. He has also been one of the partners and subsequently served as the deputy general manager of Evertech Technology Limited (廣州艾威儀器科技有限公司), a solution-provider of precision equipment and software based in South China region, since February 2013. From April 2010 to February 2013, Mr. Yao was the South China Regional Manager of GE (China) Co., Ltd. Analysis Instrument (通用電氣(中國)有限公司). He has also served as the South China Regional Manager of Varian Technology China Limited Guangzhou representative office (美國瓦里安技術中國有限公司廣州代表處) from July 2006 to April 2010. Mr. Yao was the sales manager (South China region) of Southeast Chemical Instrument Ltd (東南化學儀器有限公司), an analytical instrument supplier, from September 2002 to July 2006.

Mr. Yao graduated from Nanjing University (南京大學) with a bachelor's degree in science (chemistry) in July 1999. He further obtained a master's degree in science (organic chemistry) from Sun Yat-Sen University (中山大學) in July 2002.

Mr. Yang Tao (楊濤), aged 48, was appointed as an independent non-executive Director on December 6, 2019. He is responsible for providing independent advice and judgment to our Board. Mr. Yang is a member of the audit committee of our Company.

Mr. Yang was the independent non-executive director of Ping An Securities Group (Holdings) Limited (stock code: 231.HK), a company listed in Hong Kong and principally engaged in the provision of securities dealing and financial services, from February 2018 to November 2019. He is also the independent non-executive director of Bank of Jiujiang Co., Ltd (stock code: 6190.HK), a China-based commercial bank principally engaged in providing financial services to small and micro enterprises, individual business owners and the general public, since August 2017. Mr. Yang is a Ph.D. mentor of Chinese Academy of Social Sciences (中國社會科學院) (“CASS”) since November 2014, and is also currently a director of the Research Centre for Payments and Settlements under CASS, responsible for research and development of payment supervision, organization, products and technology. He has been a researcher in the Institute of Finance, CASS since August 2003, focusing on research areas such as macro-economic policies, financial markets, financial technology and payment settlement.

Mr. Yang graduated from Nanjing University of Science and Technology (南京理工大學) with a bachelor's degree in engineering (major in industrial foreign trade) in 1995. He further obtained a master's degree in economics from the Research Institute for Fiscal Science (currently known as the Chinese Academy of Fiscal Sciences (中國財政科學研究院)) in July 2000 and a Ph.D. in economics from the graduate school of CASS in July 2003.

Mr. Yang has been a qualified and registered lawyer and a certified public accountant in the PRC since March 2000 and December 2002 respectively.

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business. Information concerning our executive Directors is shown in “— *Directors — Executive Directors*” above.

Our senior management as at the date of this Offering Circular are as follows:

Mr. Liu Yingqi (劉穎麒), aged 45, is our chief executive officer. See the paragraph headed “Executive Directors” for his biography.

Mr. Yao Zhijian (姚志堅), aged 41, is our chief financial officer. See the paragraph headed “Executive Directors” for his biography.

Mr. Luo Xiaohui (羅小輝), aged 39, is our chief architect (首席架構師). See the paragraph headed “Executive Directors” for his biography.

Mr. Wu Gang (吳剛), aged 40, was appointed as our deputy general manager and general manager of policy development department in April 2016 and is primarily responsible for overseeing the management of the policy development department and general corporate governance and compliance matters.

Mr. Wu joined our Group as vice president of Leshua Technology in April 2016 and was promoted to general manager in April 2018. Prior to joining our Group, Mr. Wu worked in Tencent Technology (Beijing) Co., Ltd. (騰訊科技(北京)有限公司) for 11 years. He first served in the bank strategy group and business development group in Tencent Technology Co., Ltd. (騰訊科技(北京)有限公司), from August 2006 to June 2007. From June 2007 to March 2016, he served in financial cooperation center, Beijing cooperation center, policy finance group and Beijing regulatory group, and was then promoted and held the senior consultant position for payment platform and financial application from April 2016 to November 2018 in Tencent Technology (Beijing) Co., Ltd. (騰訊科技(北京)有限公司).

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND
CHIEF EXECUTIVES**

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at December 31, 2021, the following persons beneficially owned more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Section 352 of the SFO.

<u>Name of shareholder</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding⁽⁶⁾</u>
			(%)
Creative Brocade International Limited ⁽²⁾	Beneficial owner	165,710,764	36.67
Brocade Creation Investment Limited ⁽²⁾	Interest in controlled corporation	165,710,764	36.67
Brocade Creation Limited ⁽²⁾	Interest in controlled corporation	165,710,764	36.67
Credit Suisse Trust Limited ⁽²⁾	Trustee of a trust	165,710,764	36.67
Ms. Luo Haiying ⁽³⁾	Interest of spouse	165,710,764	36.67
Growth Tree Ltd ⁽⁴⁾	Interest in controlled corporation	24,556,032	5.43
Recruit Holdings Co., Ltd	Beneficial owner	39,051,196	8.64
TMF Trust (HK) Limited ⁽⁵⁾	Trustee of a trust	25,508,232	5.64

Notes:

- All interests stated are long positions.
- Creative Brocade International Limited is owned as to (i) 99.9% by Brocade Creation Investment Limited, which is wholly-owned by Brocade Creation Limited, the holding vehicle used by Credit Suisse Trust Limited (the trustee of Brocade Creation Trust); and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu Yingqi. Brocade Creation Trust is a discretionary trust established by Mr. Liu Yingqi (as the settlor) and the discretionary beneficiaries of which include Mr. Liu Yingqi. Therefore, each of Mr. Liu Yingqi, Credit Suisse Trust Limited, Brocade Creation Limited and Brocade Creation Investment Limited is deemed under the SFO to be interested in the 165,710,764 Shares held by Creative Brocade International Limited.
- Ms. Luo Haiying, the spouse of Mr. Liu Yingqi, is deemed under the SFO to be interested in the 165,710,764 Shares in which Mr. Liu Yingqi is deemed to be interested.
- Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. held 16,085,284 Shares and 8,470,748 Shares, respectively. Mr. Akio Tanaka held the entire issued share capital of Growth Tree Ltd which in turn held 100% of the total issued share capital in each of IVP Fund II A (GP), Ltd. and IVP Fund II B (GP), Ltd., the respective general partners of IVP Fund II A L.P. and IVP Fund II B L.P. Therefore, each of Growth Tree Ltd and Mr. Akio Tanaka is deemed under the SFO to be interested in the 16,085,284 Shares and 8,470,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively.

5. TMF Trust (HK) Limited directly held the entire issued share capital of each of Yeah Talent Holding Limited and Yeah United Holding Limited. Yeah Talent Holding Limited and Yeah United Holding Limited held 19,251,518 and 3,475,114 underlying Shares in respect of the restricted share units granted and to be granted under the restricted share unit scheme of the Issuer approved and adopted by the board of Directors on August 1, 2019 (the “RSU Scheme”) for the benefit of eligible participants pursuant to the RSU Scheme, respectively. Therefore, TMF Trust (HK) Limited is deemed under the SFO to be interest in the 19,251,518 and 6,256,714 Shares held by Yeah Talent Holding Limited and Yeah United Holding Limited, respectively.
6. The percentage represents the number of shares interested divided by the total number of ordinary Shares in issue as at December 31, 2021, i.e. 451,902,842.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at December 31, 2021, the interests and short positions of Directors and the chief executive of the Issuer in the shares, underlying shares and debentures of the Issuer and its associated corporations within the meaning of Part XV of the SFO which were required to be notified to the Issuer and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Issuer and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

Interests of Directors and Chief Executives in the Shares of the Issuer

<u>Name of Director/chief executive</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding⁽⁵⁾</u>
			(%)
Mr. Liu Yingqi ⁽²⁾	Founder of a discretionary trust	165,710,764	36.67
Mr. Yao Zhijian	Beneficial owner	2,594,579	0.57
Mr. Luo Xiaohui	Beneficial owner	1,785,478	0.40
Mr. Mathias Nicolaus Schilling ⁽³⁾	Interest in controlled corporation	6,371,972	1.41
Mr. Akio Tanaka ⁽⁴⁾	Interest in controlled corporation	24,556,032	5.43

Notes:

1. All interests stated are long positions.
2. Creative Brocade International Limited is owned as to (i) 99.9% by Brocade Creation Investment Limited, which is wholly-owned by Brocade Creation Limited, the holding vehicle used by Credit Suisse Trust Limited (the trustee of Brocade Creation Trust); and (ii) 0.1% by Creative Brocade Ltd., which is wholly-owned by Mr. Liu Yingqi.

Brocade Creation Trust is a discretionary trust established by Mr. Liu Yingqi (as the settlor) and the discretionary beneficiaries of which include Mr. Liu Yingqi. Therefore, each of Mr. Liu Yingqi, Credit Suisse Trust Limited, Brocade Creation Limited and Brocade Creation Investment Limited is deemed under the SFO to be interested in the 165,710,764 Shares held by Creative Brocade International Limited.

- Mr. Schilling held 47.5% of the total issued share capital in e.ventures Growth GP, LLC, the general partner of e.ventures Growth, L.P. which held 6,371,972 Shares. Therefore, each of Mr. Schilling and e.ventures Growth GP, LLC is deemed under the SFO to be interested in the 6,371,972 Shares held by e.ventures Growth, L.P.
- Each of IVP Fund II A, L.P. and IVP Fund II B, L.P. held 16,085,284 Shares and 8,470,748 Shares, respectively. Mr. Akio Tanaka held the entire issued share capital of Growth Tree Ltd which in turn held 100% of the total issued share capital in each of IVP Fund II A (GP), Ltd. and IVP Fund II B (GP), Ltd., the respective general partners of IVP Fund II A L.P. and IVP Fund II B L.P. Therefore, each of Growth Tree Ltd and Mr. Akio Tanaka is deemed under the SFO to be interested in the 16,085,284 Shares and 8,470,748 Shares held by IVP Fund II A, L.P. and IVP Fund II B, L.P., respectively.
- The percentage represents the number of shares interested divided by the total number of ordinary shares of the Issuer in issue as at December 31, 2021, i.e. 451,902,842.

Interests of Directors and Chief Executives in the Underlying Shares of the Issuer

<u>Name of Director/chief executive</u>	<u>Capacity/Nature of interest</u>	<u>Number of underlying Shares</u>	<u>Approximate percentage of shareholding⁽²⁾</u>
			(%)
Mr. Yao Zhijian	Beneficial owner	300,000	0.07
Mr. Luo Xiaohui	Beneficial owner	100,000	0.02

Notes:

- All interests stated are long positions.
- The percentage represents the number of shares interested divided by the total number of ordinary shares of the Issuer in issue as at December 31, 2021, i.e. 451,902,842.

Interests of Directors and Chief Executives in the Issuer's Associated Corporations

<u>Name of Director/chief executive</u>	<u>Name of associated corporation</u>	<u>Capacity/Nature of interest</u>	<u>Registered capital</u>	<u>Approximate percentage of shareholding</u>
			(RMB)	(%)
Mr. Liu Yingqi	Shenzhen Yeahka	Beneficial owner	198,545,266	99.27

Notes:

- All interests stated are long positions.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the U.S.\$70,000,000 aggregate principal amount of 6.25 per cent. Convertible Bonds due 2027 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 (*Further Issues*) and consolidated and forming a single series therewith) of Yeahka Limited (移卡有限公司) (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(iv) (*Conversion Right*)) was authorised by the Board of Directors of the Issuer on 27 June 2022. The Bonds are constituted by the trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 13 July 2022 (the “**Issue Date**”) between the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the agency agreement dated 13 July 2022 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and principal conversion agent (collectively in such capacities, the “**Principal Agent**”, which expression shall include any successor principal agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**” or a “**Transfer Agent**”, as applicable, and, together with the Registrar, the Transfer Agent and the Principal Agent, the “**Agents**”, which expressions shall include their successors and all persons for the time being Agents under the Agency Agreement) relating to the Bonds. References to “**Paying Agents**” and “**Conversion Agents**” include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and the “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding and identity to the satisfaction of the Trustee.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered (or in the case of a joint holding, the first named thereof).

1 Form, Denomination and Title

(A) Form and Denomination

The Bonds are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate when the Bonds are represented by the Global Certificate. See “The Global Certificate”.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds will pass only by transfer and registration in the Register as described in Condition 3 (*Transfers of Bonds; Issue of Certificates*). The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than the endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2 Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A) (*Negative Pledge*), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

3 Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside of the United Kingdom in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Bonds may, subject to Conditions 3(E) (*Restricted Transfer Periods*) and 3(F) (*Regulations*) and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents, together with such evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Bonds (being that of one or more Bonds) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate and provision of any other evidence required by the Registrar or the relevant Transfer Agent as contemplated in Condition 3(B) (*Transfer*) to the Registrar or, as the case may be, any other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 (*Transfers of Bonds; Issue of Certificates*) and Condition 6 (*Conversion*), “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent, with whom a Certificate is deposited in connection with a transfer or conversion, is located.

(D) Formalities Free of Charge

Subject to Conditions 3(E) (*Restricted Transfer Periods*) and 3(F) (*Regulations*), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).

(E) Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (b) after a Conversion Notice (as defined in Condition 6(B)(i) (*Conversion Procedure*)) has been delivered with respect to a Bond; or (c) after a Relevant Event Put Exercise Notice (as defined in Condition 8(D) (*Redemption for Relevant Event*)) or an Optional Put Exercise Notice (as defined in Condition 8(E) (*Redemption at the option of the Bondholders*)) has

been deposited in respect of such Bond pursuant to Condition 8(D) (*Redemption for Relevant Event*) or, as the case may be, Condition 8(E) (*Redemption at the option of the Bondholders*). Each such period is a “**Restricted Transfer Period**”.

(F) Regulations

All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

4 Covenants

(A) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries (as defined below) will, create, permit to subsist or arise, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a “**Charge**”) (other than a security interest arising by operation of law) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto:

- (i) the same Charge as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably; or
- (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

“**Relevant Indebtedness**” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement); and

a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

(B) NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents within the prescribed timeframe after the Issue Date in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately (the “**NDRC Post-Issuance Filing**”). The Issuer shall submit the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds.

The Issuer shall within 10 PRC Business Days after submission of such NDRC Post-Issuance Filing provide the Trustee with (i) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) confirming the submission of the NDRC Post-Issuance Filing, and (ii) copies of the relevant document(s) (if any) evidencing due submission to or filing of the NDRC Post-Issuance Filing with the NDRC, each certified in English as a true and complete copy of the original by an Authorised Signatory (the items specified in (i) and (ii) together, the “**Registration Documents**”). The Issuer shall within 10 PRC Business Days after submission of such NDRC Post-Issuance Filing give notice to the Bondholders (in accordance with Condition 11 (*Notices*)) confirming the completion of the NDRC Post-Issuance Filing. The Trustee shall have no obligation to monitor or assist with or ensure the filing or completion of the NDRC Post-Issuance Filing is made on or before the deadline referred to above or as otherwise required by this Condition 4(B) (*NDRC*) or to verify the accuracy, validity and/or genuineness of any Registration Documents or any other certificate, confirmation or other documents in relation to or in connection with the NDRC Post-Issuance Filing or to procure that any Registration Document or any other certificate, confirmation or other documents which is not in English is translated into English or to give notice to the Bondholders confirming the submission of the NDRC Post-Issuance Filing, and the Trustee shall not be liable to the Bondholders or any other person for not doing so.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to assist with the NDRC Post-Issuance Filing or to monitor or ensure that the NDRC Post-Issuance Filing is filed with the NDRC or completed within the prescribed timeframe

in accordance with these Conditions, the NDRC Circular and/or any other applicable PRC laws and regulations specified herein or to verify the accuracy, validity and/or genuineness of any Registration Document or any other documents in relation to or in connection with the NDRC Post-Issuance Filing or to translate or procure that any Registration Document is translated into English or to give notice to the Bondholders confirming the submission of the NDRC Post-Issuance Filing, and the Trustee shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.25 per cent. per annum, payable semi-annually in equal instalments of U.S.\$31.25 per Calculation Amount (as defined below) on 13 January and 13 July in each year (each an “**Interest Payment Date**”), beginning on 13 January 2023.

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv) (*Conversion Procedure*)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined in Condition 6(B)(i) (*Conversion Procedure*)), or if none, the Issue Date (subject in any case as provided in Condition 6(B)(iv) (*Conversion Procedure*), or (b) where such Bond is redeemed or repaid pursuant to Condition 8 (*Redemption, Purchase and Cancellation*) or Condition 10 (*Events of Default*), from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused when the same becomes due and payable under these Conditions. In such event, such unpaid amount will continue to bear interest at 3.0 per cent. per annum above the rate aforesaid (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period less than a complete Interest Period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the relevant day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each such successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

6 Conversion

(A) Conversion Right

- (i) *Conversion Period*: Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 6(A)(iv) (*Conversion Right*)) credited as fully paid at any time during the Conversion Period referred to below (the “**Conversion Right**”).

Subject to and upon compliance with these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after 23 August 2022 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (as defined in Condition 8(A) (*Maturity*)) (both days inclusive) (but, except as provided in Condition 6(A)(iii) (*Conversion Right*), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (being 3:00 p.m.) (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) (*Redemption for Relevant Event*) or Condition 8(E) (*Redemption at the option of the Bondholders*) then up to the close of business (being 3:00 p.m.) (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

A Conversion Right may not be exercised (a) in respect of a Bond where the holder shall have exercised his right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) (*Redemption for Relevant Event*) or Condition 8(E) (*Redemption at the option of the Bondholders*), or (b) except as provided in Condition 6(A)(iii) (*Conversion Right*), following the giving of notice by the Trustee pursuant to Condition 10 (*Events of Default*).

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$23.32 per Share, but will be subject to adjustment in the manner described in Condition 6(C) (*Adjustments to Conversion Price*) and/or Condition 6(D) (*Adjustment upon Relevant Event*), as applicable.

The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.8461 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect on the relevant Conversion Date (as defined in Condition 6(B)(i) (*Conversion Procedure*) below). A Conversion Right may

only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (ii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 4 July 2022 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i) (*Conversion Right*), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds U.S.\$10. Any such sum shall be paid by the Issuer not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i) (*Conversion Procedure*)) after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (iii) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i) (*Conversion Right*), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10 (*Events of Default*); or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A) (*Maturity*), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 11 (*Notices*) and notwithstanding the provisions of Condition 6(A)(i) (*Conversion Right*), any Bond in respect of which the Certificate and the Conversion Notice (as defined in Condition 6(B)(i) (*Conversion Procedure*)) are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6(B)(i) (*Conversion Procedure*)) notwithstanding that the full amount of the moneys payable in respect of

such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (iv) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares of nominal value U.S.\$0.000025 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(B) Conversion Procedure

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during the Conversion Period at the specified office of any Conversion Agent during its normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of each Conversion Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) (*Conversion Procedure*) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such deposit is made after 3:00 p.m. on a business day or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such deposit shall be deemed for all purposes of these Conditions to have been made on the next following such business day. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such

Conversion Notice to the Conversion Agent and, if applicable, any payment to be made or giving indemnity and/or security and/or pre-funding to be given under these Conditions in connection with the exercise of such Conversion Right.

“**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which the Relevant Stock Exchange (as defined in Condition 6(G) (*Definitions*) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any and all taxes and/or capital, stamp, issue and registration and transfer taxes and duties (“**Duties**”) arising on such exercise (other than any Duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange (as defined in Condition 6(G) (*Definitions*) below), by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Relevant Stock Exchange on conversion, being the “**Issuer Duties**”) (such Duties and such Issuer Duties are collectively referred to as the “**Taxes**”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of Duties payable pursuant to this Condition 6(B)(ii) (*Conversion Procedure*) have been paid.

If the Issuer shall fail to pay any amount payable for which it is responsible as provided above in this Condition 6(B)(ii) (*Conversion Procedure*), the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor any of the Agents shall be responsible or liable to Bondholders, the Issuer or any other person for paying any Taxes or any expenses or other amounts referred to in this Condition 6(B)(ii) (*Conversion Procedure*) or for determining whether such Taxes, expenses or other amounts are payable or the amount thereof and none of them shall be responsible or liable for any failure by the Issuer or any Bondholder or any other person to pay such Taxes, expenses or other amounts.

- (iii) *Registration*: Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(i) (*Conversion Procedure*) and 6(B)(ii) (*Conversion Procedure*), the Issuer will, as soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register in Hong Kong and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the HKSE (as defined in Condition 6(G) (*Definitions*) below); or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) notified to Bondholders in accordance with Condition 11 (*Notices*) or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) (*Conversion Procedure*) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If (A) the Registration Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) (*Adjustments to Conversion Price*) and/or Condition 6(D) (*Adjustment upon Relevant Event*), as applicable, and (B) the Conversion Date in relation to such exercise shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective under the relevant Condition, the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of

Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional Shares references in this Condition 6(B)(iii) (*Conversion Procedure*) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**").

The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

- (iv) *Interest Accrual*: If any notice requiring the redemption of any Bonds is given pursuant to Conditions 8(B) (*Redemption for Taxation Reasons*) or 8(C) (*Redemption for Taxation Reasons*) on or after the 15th Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(C) Adjustments to Conversion Price

The Conversion Price will be subject to adjustment as follows:

(1) Consolidation, Reclassification or Subdivision

Adjustment: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, reclassification or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share in issue immediately before such alteration.

Effective Date of Adjustment: Such adjustment shall become effective on the date the alteration takes effect.

(2) Capitalisation of Profits or Reserves

(i) *Adjustment:* If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves (including, Shares paid up out of distributable profits or reserves and/or share premium account) (except any Scrip Dividend) and which would not have constituted a Distribution (as defined in Condition 6(G) (*Definitions*)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of such Shares, or if a record date is fixed therefor, immediately after such record date.

- (ii) *Adjustment:* In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price (as defined in Condition 6(G) (*Definitions*)) on the date of announcement of the terms of the issue of such Shares multiplied by the number of such Shares issued exceeds the amount of the Relevant Cash Dividend (as defined in Condition 6(G) (*Definitions*)) or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of Shares in issue immediately before such Scrip Dividend;

B is the aggregate number of Shares which the Relevant Cash Dividend would purchase at such Current Market Price; and

C is the aggregate number of Shares issued pursuant to such Scrip Dividend;

or by making such other adjustment to the Conversion Price to give effect to the foregoing as an Independent Financial Advisor shall certify to the Bondholders is fair and reasonable.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Distributions*

Adjustment: If and whenever the Issuer shall pay or make any Distribution to Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) (*Capitalisation of Profits or Reserves*) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Distribution in Hong Kong dollars attributable to one Share.

Effective Date of Adjustment: Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

(4) *Rights Issues of Shares or Options over Shares*

Adjustment: If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Shares (or shall grant any such rights in respect of existing securities so issued), in each case at less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant of such Shares, options, warrants or other rights (and notwithstanding that the relevant issue may be or be expressed to be subject to Shareholder or other approvals or consents or other contingency or event occurring or not occurring), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration (if any) receivable for the Shares issued by way of rights, or for the securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares deliverable on the exercise thereof would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares to be issued or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, on the Relevant Stock Exchange.

(5) *Rights Issues of Other Securities*

Adjustment: If and whenever the Issuer shall issue securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of the securities, or issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange.

(6) *Issues at Less than Current Market Price*

Adjustment: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) (*Rights Issues of Shares or Options over Shares*)) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, or purchase of Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) (*Rights Issues of Shares or Options over Shares*)) any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares (other than the Bonds), in each case at less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

(7) *Other Issues at Less than Current Market Price*

Adjustment: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7) (*Other Issues at Less than Current Market Price*), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4) (*Rights Issues of Shares or Options over Shares*), 6(C)(5) (*Rights Issues of Other Securities*) or 6(C)(6) (*Issues at Less than Current Market Price*)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any Securities (other than the Bonds, which term shall for this purpose exclude any further bonds issued pursuant to Condition 17 (*Further Issues*)) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue of such securities or, as the case may be, the grant of such rights.

(8) *Modification of Rights of Conversion etc.*

Adjustment: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (*Other Issues at Less than Current Market Price*) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) (*Modification of Rights of Conversion etc.*) or Condition 6(C)(7) (*Other Issues at Less than Current Market Price*).

Effective Date of Adjustment: Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(9) *Other Offers to Shareholders*

Adjustment: If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall offer any securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(C)(2) (*Capitalisation*

of Profits or Reserves), 6(C)(3) (Distributions), 6(C)(4) (Rights Issues of Shares or Options over Shares), 6(C)(5) (Rights Issues of Other Securities), 6(C)(6) (Issues at Less than Current Market Price) or 6(C)(7) (Other Issues at Less than Current Market Price)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which such issue is first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Effective Date of Adjustment: Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

(10) Other Events

Adjustment: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to in this Condition 6(C) (*Adjustments to Conversion Price*) (even if the relevant circumstance is specifically excluded from the operation of Conditions 6(C)(1) (*Consolidation, Reclassification or Subdivision*) to 6(C)(9) (*Other Offers to Shareholders*) (both inclusive)), the Issuer shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment (if any) should take effect and upon such determination by the Independent Financial Advisor, such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 (*Conversion*) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, an adjustment shall only be made pursuant to this Condition 6(C)(10) (*Other Events*) if such Independent Financial Advisor is so consulted to make such a determination and such adjustment shall be in its opinion appropriate to give the intended result.

(D) Adjustment upon Relevant Event

If a Relevant Event (as defined in Condition 8(D) (*Redemption for Relevant Event*)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Relevant Event Notice**”) in accordance with Condition 11 (*Notices*) within 14 days after it becomes aware of such Relevant Event. Following the giving of a Relevant Event Notice (with a copy to the Trustee and the Principal Agent), upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the date of the occurrence of a Relevant Event and (ii) the date on which the Relevant Event Notice is given to Bondholders (such period, the “**Relevant Event Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times (c / t))), \text{ where}$$

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this Condition 6(D) (*Adjustment upon Relevant Event*) shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion to which this Condition 6(D) (*Adjustment upon Relevant Event*) is applicable;

CP (or Conversion Premium) = 22.5 per cent. expressed as a fraction;

c = the number of days from and including the date the Relevant Event occurs to but excluding the Maturity Date; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) (*Adjustment upon Relevant Event*) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Relevant Event Conversion Period shall fall during a Restricted Transfer Period, the Relevant Event Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period.

(E) Undertakings

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the HKSE, (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the HKSE, and (c) if the Issuer is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine (and notify in writing to the Trustee and the Principal Agent) and will forthwith give notice to the Bondholders in accordance with Condition 11 (*Notices*) of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will use its best endeavours to maintain the listing of the Bonds on the HKSE and if the Issuer is unable to maintain such listing or such listing is unduly onerous, to use its best endeavours to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine and will forthwith give notice to the Bondholders in accordance with Condition 11 (*Notices*) (which notice shall be copied to the Trustee and the Principal Agent) of the listing or delisting of the Bonds by any such stock exchange;
- (iii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for any Duties payable by the relevant Bondholder as specified in Condition 6(B)(ii) (*Conversion Procedure*)); and
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (I) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (II) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the nominal value of the Shares, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(F) Provisions Relating to Changes in Conversion Price

- (i) *Minor Adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 (*Notices*) and to the Trustee and the Principal Agent in writing promptly after the determination thereof.
- (ii) *Decision of an Independent Financial Advisor:* If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.

- (iii) *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 6 (*Conversion*), the Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws and regulations.
- (iv) *Reference to “Fixed”*: Any references herein to the date on which a consideration is “**fixed**” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- (v) *Multiple Events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- (vi) *Share Option Schemes*: Notwithstanding any provision in this Condition 6 (*Conversion*), no adjustment will be made to the Conversion Price when Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any of its Subsidiaries pursuant to any share option, share award, restricted share or employee incentive scheme or plan (and which such scheme or plan is in compliance with the listing rules of the Relevant Stock Exchange) (“**Share Scheme Shares/Options**”) unless any grant or issue of Share Scheme Shares/Options (which, but for this provision, would have required adjustment pursuant to this Condition 6 (*Conversion*)) would result in the total number of Shares which may be issued upon exercise of such Share Scheme Shares/Options granted during any 12-month period up to and including the date of such grant representing, in aggregate, over 2.0 per cent. of the average number of issued and outstanding Shares during such 12-month period, in which case only such portion of the grant or issue of Share Scheme Shares/Options that exceeds 2.0 per cent. of the average number of issued and outstanding Shares during the relevant 12-month period shall be taken into account in determining adjustment of the Conversion Price pursuant to this Condition 6 (*Conversion*).

- (vii) *Upward/downward Adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) (*Consolidation, Reclassification or Subdivision*) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*), reduce the Conversion Price, subject to Condition 6(F)(iii) (*Provisions Relating to Changes in Conversion Price*).
- (viii) *Trustee and Agents Not Obligated to Monitor or Make Calculation*: Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any determination or calculation (or verification thereof) in connection with the Conversion Price and none of them will be responsible or liable to Bondholders for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Financial Advisor in making any determination or calculation or (in the case of any Independent Financial Advisor) giving any opinion or any erroneous determination or calculation in connection with the Conversion Price, without prejudice to its duties owed to the Issuer.
- (ix) *Notice of Change in Conversion Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 11 (*Notices*) (with a copy to the Trustee and the Principal Agent) and, for so long as the Bonds are listed on the HKSE and the rules of the HKSE so require, the Issuer shall also give notice to the HKSE of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

(G) Definitions

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the HKSE, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“**Closing Price**” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the HKSE or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“**Current Market Price**” means, in respect of a Share on a particular date, the average of the Closing Prices of one Share for the 10 consecutive Trading Days ending on and including (i) the Trading Day immediately preceding such date or (ii) if the relevant announcement was made after

the close of trading on such date (being a Trading Date), such date of announcement; provided that if at any time during such 10 Trading Day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:

- (i) if the Shares to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share; or
- (ii) if the Shares to be issued or transferred and delivered rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Share;

and provided that:

- (I) if on each of the said 10 Trading Days the Shares have been quoted a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share in any such case determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; and
- (II) if the Closing Price of a Share is not available on one or more of the said 10 Trading Days (disregarding for this purpose the proviso to the definition of Closing Price), then the average of such Closing Prices which are available in that 10 Trading Day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Closing Price is available in the relevant period the Current Market Price shall be determined by an Independent Financial Advisor.

In making any calculation or determination of Current Market Price, such adjustments (if any) shall be made as an Independent Financial Advisor considers appropriate to reflect any consolidation or sub-division of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event.

“**Distribution**” means (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(2)(i) (*Capitalisation of Profits or Reserves*) and a Scrip Dividend adjusted for under Condition 6(C)(2)(ii) (*Capitalisation of Profits or Reserves*)); and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) translated into Hong Kong dollars at the Prevailing Rate as at the date such distribution under (i) and/or (ii) of this definition is announced provided that a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) shall not constitute a Distribution unless the weighted average price or consideration per Share (before expenses) on any one day in respect of such purchases or redemptions exceeds the Current Market Price of a Share by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b), the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase or redemption shall be deemed to constitute a Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such Shares purchased or redeemed exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Shares so purchased or redeemed. In making any such calculation, such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Shares.

“**Fair Market Value**” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend determined as at the date of announcement of such dividend (in which case no determination by an Independent Financial Advisor would be required); (ii) the fair market value of any other cash amount shall be equal to such cash amount (in which case no determination by an Independent Financial Advisor would be required); and (iii) where Securities are or will be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor) the fair market value of such Securities shall equal the arithmetic mean of the daily closing prices of such Securities during the period of five Trading Days commencing on the first such Trading Day (or, if later, the first such Trading Day such Securities are publicly traded) or such shorter period as such Securities are publicly traded.

“**HKSE**” means The Stock Exchange of Hong Kong Limited or any successor thereto.

“Independent Financial Advisor” means an independent investment bank, a calculation agency or calculation advisor of international repute selected and appointed by the Issuer (at the cost of the Issuer) and notified in writing to the Trustee and the Principal Agent in writing.

“PRC Business Day” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing.

“Prevailing Rate” means, in respect of any currency on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

“Relevant Cash Dividend” means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend (which, for the avoidance of doubt, shall exclude a purchase or redemption of Shares, but include the Relevant Cash Dividend component of a Scrip Dividend).

“Relevant Page” means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters page or such other information service provider that displays the relevant information.

“Relevant Stock Exchange” means at any time, in respect of the Shares, the HKSE or the Alternative Stock Exchange.

“Securities” means any securities including, without limitation, shares, options, warrants or other rights to subscribe for or purchase or acquire securities.

“Scrip Dividend” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) (*Distributions*) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii) (*Capitalisation of Profits or Reserves*)).

“Trading Day” means a day on which the Relevant Stock Exchange (or in respect of any other security, relevant securities market) is open for business and on which Shares or other securities may be dealt in (other than a day on which the Relevant Stock Exchange is scheduled to or does close prior to its regular weekday closing time) provided that, for the purpose of any

calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

References to any issue or offer or grant to Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

7 Payments

(A) *Method of Payment*

Payment of principal, premium (if any), interest (if any) and any other amounts due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th Business Day (as defined in Condition 7(F) (*Business Day*)) before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(B) Registered Accounts

For the purposes of this Condition 7 (*Payments*), a Bondholder's registered account means the U.S. dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the second Business Day (as defined below in Condition 7(F) (*Business Day*)) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(C) Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Business Day (as defined below in Condition 7(F) (*Business Day*)), for value on the first following day which is a Business Day) will be initiated on the due date for payment (or, if it is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

(F) Business Day

In this Condition 7 (*Payments*), "**Business Day**" means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in New York, Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

(G) Agents

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that it will maintain (i) a Principal Agent, (ii) a Registrar which will maintain the Register outside the United Kingdom and (iii) a Transfer Agent. Notice of any changes in any Agent or their specified offices will promptly be given by the Issuer to the Bondholders.

8 Redemption, Purchase and Cancellation

(A) Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on 13 July 2027 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Conditions 8(B) (*Redemption for Taxation Reasons*) or 8(C) (*Redemption at the Option of the Issuer*) (but without prejudice to Condition 10 (*Events of Default*)).

(B) Redemption for Taxation Reasons

- (i) The Issuer may redeem all but not some only of the Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at its principal amount together with interest accrued but unpaid up to but excluding such date (if any), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (a) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the People’s Republic of China (the “**PRC**”) or the Cayman Islands or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 July 2022, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B)(i) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee (I) a certificate in English signed by an Authorised Signatory (as defined in the

Trust Deed) stating that the obligation referred to in (a) above cannot be avoided by the Issuer taking reasonable measures available to it and (II) an opinion addressed to and in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer has, or would become obliged to pay such Additional Tax Amounts as a result of such change or amendment referred to above in this Condition 8(B)(i) (*Redemption for Taxation Reasons*). The Trustee shall be entitled to rely upon and accept such certificate and opinion (without further investigation or enquiry and without liability to the Bondholders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (a) and (b) above of this Condition 8(B)(i) (*Redemption for Taxation Reasons*), in which event the same shall be conclusive and binding on the Bondholders.

On the Tax Redemption Date, the Issuer (subject to Condition 8(B)(ii) (*Redemption for Taxation Reasons*)) shall redeem the Bonds at their principal amount together with interest accrued but unpaid up to but excluding the Tax Redemption Date (if any).

- (ii) If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B)(i) (*Redemption for Taxation Reasons*), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 (*Taxation*) shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable by the Issuer in respect thereof pursuant to Condition 9 (*Taxation*) and payment of all amounts by the Issuer to such holder in respect of such Bond(s) shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(B)(ii) (*Redemption for Taxation Reasons*), the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) from the specified office of any Paying Agent together with the Certificate evidencing the relevant Bond(s) on or before the day falling 10 days prior to the Tax Redemption Date. Such notice of exercise from the Bondholder, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's written consent.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*), the Issuer may redeem all but not some only of the Bonds on the date

(the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their principal amount together with any interest accrued but unpaid up to but excluding the Optional Redemption Date (if any):

- (i) at any time after 13 August 2025, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate), for 20 out of 30 consecutive Trading Days, the last of which occurs not more than 5 Trading Days prior to the date of the Optional Redemption Notice, was at least 150 per cent. of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate) then in effect; or
- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further Bonds issued pursuant to Condition 17 (*Further Issues*)).

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period as mentioned in Condition 8(C)(i) (*Redemption at the Option of the Issuer*) above, appropriate adjustments for the relevant days shall be made, as determined by an Independent Financial Advisor, for the purpose of calculating the Closing Price for such days.

Neither the Trustee nor the Agents shall be responsible for verifying or otherwise liable for any such determinations or for calculating the Closing Price or for verifying any calculation, certification, advice or opinion in connection with such determination or calculation.

(D) Redemption for Relevant Event

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Put Date at their principal amount together with interest accrued but unpaid up to but excluding such date (if any). To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) from the specified office of any Paying Agent (a “**Relevant Event Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11 (*Notices*). The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above in this Condition 8(D) (*Redemption for Relevant Event*).

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Within 14 days after it becomes aware of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*). Such notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such notice shall also specify: (i) the date of such Relevant Event and, all information material to Bondholders concerning the Relevant Event; (ii) the Relevant Event Put Date; (iii) the last date by which a Relevant Event Put Exercise Notice must be given; (iv) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (v) the information required by Condition 8(H) (*Redemption Notices*).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with this Condition 8(D) (*Redemption for Relevant Event*) has occurred or may occur. Neither the Trustee nor any of the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption and none of them shall be liable to the Issuer, the Bondholders or any other person for any loss or liability arising from any failure by any of them to do so. Neither the Trustee nor any of the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(D) (*Redemption for Relevant Event*) and none of them will be responsible or liable to any Bondholder or any other person for any loss or liability arising from any failure by it to do so.

For the purposes of this Condition 8(D) (*Redemption for Relevant Event*):

“Control” means (a) the right to appoint and/or remove all or the majority of the members of the relevant entity's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise; or (b) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the relevant entity.

a “**Change of Control**” occurs when:

- (a) any Person or Persons other than the Permitted Holders (or Persons who are Controlled by the Permitted Holders) acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date;
- (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in such other Person or Persons, other than the Permitted Holders, acquiring Control over the Issuer or the successor entity; or
- (c) the Permitted Holders together cease (directly or indirectly) to own at least 25 per cent. of the Issuer.

a “**Free Float Event**” occurs on the first date on which less than 25 per cent. of the Issuer’s total number of issued shares are held by the public, provided that if following the occurrence of any Free Float Event, at least 25 per cent. of the Issuer’s total number of issued shares are held by the public on any day following the date of occurrence of such Free Float Event (the “**Reference Date**” in respect of such Free Float Event), a further Free Float Event may subsequently occur on the first date (falling after the Reference Date in respect of such Free Float Event) on which less than 25 per cent. of the Issuer’s total number of issued shares are held by the public.

“**Permitted Holders**” means the aggregate shareholding of Mr Liu Yingqi:

- (a) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr Liu Yingqi; and
- (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are Mr Liu Yingqi and/or such other Persons referred to in paragraph (a) above;

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Board of Directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries.

“**Relevant Event**” occurs:

- (a) when the Shares cease to be listed or admitted to trading or are suspended from trading on the Main Board of the HKSE for a period equal to or exceeding 30 consecutive Trading Days; or
- (b) when there is a Change of Control; or
- (c) when there is a Free Float Event; or
- (d) when (i) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “**Change in Law**”) that results in (x) the Issuer and its Subsidiaries (collectively, the “**Group**”) (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Issuer’s consolidated financial statements for the most recent fiscal half year and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in the Issuer’s consolidated financial statements for the most recent fiscal half year and (ii) the Issuer has not furnished to the Trustee, prior to the date that is two months after the date of the Change in Law, an opinion from an independent financial adviser or external legal counsel stating either (1) that the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in the Issuer’s consolidated financial statements for the most recent fiscal half year (including after giving effect to any corporate restructuring or reorganization plan of the Issuer) or (2) that such Change in Law would not materially adversely affect the Issuer’s ability to make principal, premium (if any) and interest payments (if any) on the Bonds when due or to convert the Bonds in accordance with these Conditions.

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (including, at the time, stock of any other class or classes which shall have, or might have, voting power by reason of the happening of any contingency).

(E) Redemption at the option of the Bondholders

On 13 July 2024 and 13 July 2025, respectively, (each, an “**Optional Put Date**”), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of the Bonds of such holder on the relevant Optional Put Date at its principal amount together with any interest accrued but unpaid up to but excluding such relevant Optional Put Date

(if any). To exercise such right, the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the then current form obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) from the specified office of any Paying Agent (an “**Optional Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the relevant Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents in writing to such withdrawal) and the Issuer shall redeem the Bonds the subject of Optional Put Exercise Notices delivered as aforesaid on the relevant Optional Put Date.

(F) Purchase

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall be deemed not to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 10 (*Events of Default*), Condition 14(A) (*Meetings of Bondholders*) and Condition 15 (*Enforcement*).

(G) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer, or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(H) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 (*Redemption, Purchase and Cancellation*) will be irrevocable and will be given in accordance with Condition 11 (*Notices*) specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the Closing Price of the Shares on the latest practicable date prior to the publication of the notice; (iv) the applicable redemption amount; (v) the date for redemption; (vi) the manner in which redemption will be effected; (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice; and (viii) such other information as the Trustee may require.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

9 Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or the Cayman Islands or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 4 July 2022 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding (A) by or within the PRC in excess of the Applicable Rate or (B) by or within the Cayman Islands, the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC or the Cayman Islands, other than the mere holding of the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

“**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal, premium (if any), interest (if any) or any other amount payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 (*Taxation*) or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 (*Taxation*) shall not apply in respect of any payments which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B) (*Redemption for Taxation Reasons*).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 (*Taxation*) or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the holders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction.

10 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that the Bonds are, and they shall immediately become due and repayable at their principal amount together with any accrued and unpaid interest (if any), to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6 (*Conversion*)) if:

- (A) *Non-Payment of principal or premium*: the Issuer fails to pay the principal or premium (if any) on any of the Bonds when due; or
- (B) *Non-Payment of interest*: the Issuer fails to pay any interest on any of the Bonds when due and such failure continues for a period of five days; or
- (C) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (D) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following Conversion of Bonds and such failure continues for a period of seven days; or

- (E) *Cross-Default*: (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(E) (*Cross Default*) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); or
- (F) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (G) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) against any material part of the property, asset or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged within 30 days; or
- (H) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Principal Subsidiary of the Issuer), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Principal Subsidiary of the Issuer; or
- (I) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular

type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer or any of its Principal Subsidiaries of the whole or any material part of the assets and revenue of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made); or

- (J) *Nationalisation*: any step is lawfully taken by a competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries; or
- (K) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of the Cayman Islands or Hong Kong is not taken, fulfilled or done; or
- (L) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (M) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(A) (*Non-payment of principal or premium*) to 10(K) (*Authorisation and Consents*).

In this Condition 10, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement, is at least seven per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries; or
- (ii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, are at least seven per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its consolidated Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its consolidated Subsidiaries including, for the avoidance of doubt, the investment of

the Issuer in its Subsidiaries whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests;

provided that, in relation to paragraphs (i) and (ii) above of this definition:

- (a) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary of the Issuer are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (b) if at any relevant time in relation to the Issuer or any of its Subsidiaries which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Issuer;
- (c) if at any relevant time in relation to any Subsidiary of the Issuer, no accounts are audited, its total revenue or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Issuer;
- (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; and
- (e) in the case of a Subsidiary of the Issuer to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary of the Issuer which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary of the Issuer to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first

published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i) or (ii) above of this definition.

A certificate prepared by an Authorised Signatory certifying that, in his opinion, a Subsidiary of the Issuer is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate will be accompanied by a report by a nationally recognised firm of independent accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries and the mathematical accuracy of the calculation.

11 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading English language newspaper having general circulation in Hong Kong or, if such publication is not practicable, in an English language newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.

12 Prescription

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 7 (*Payments*) within five years (in the case of interest) and 10 years (in the case of principal or other sums payable hereunder) from the appropriate Relevant Date.

13 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses as may be incurred in connection with such replacement and on such terms as to evidence and such indemnity and/or security and/or pre-funding as the Issuer, the Registrar and/or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification, Waiver and Substitution

(A) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds, the Optional Redemption Date, the Optional Put Date or the dates on which interest is payable in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B) (*Redemption for Taxation Reasons*), 8(C) (*Redemption at the Option of the Issuer*), 8(D) (*Redemption for Relevant Event*) or 8(E) (*Redemption at the option of the Bondholders*), (iii) to reduce or cancel the principal amount, any premium payable or any interest payable in respect of the Bonds or changing the method of calculation of interest, (iv) to change the currency of denomination or payment of the Bonds, (v) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (vi) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (a) a written resolution signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of Bonds for the time being outstanding or (b) passed by Electronic Consent (as defined in the Trust Deed) shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(B) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement, the Bonds or these Conditions (together the “**Documentation**”) which in the Trustee’s opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may (but shall not be obliged to), without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11 (*Notices*).

(C) Substitution

The Trustee may (but shall not be obliged to), without the consent of the Bondholders, agree to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition 14(C) (*Substitution*)) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (i) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, and (ii) the Bonds continuing to be convertible or exchangeable into Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, subject in any such case to certain other conditions set out in the Trust Deed being complied with. Any such substitution shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11 (*Notices*).

(D) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 14 (*Meetings of Bondholders, Modification, Waiver and Substitution*)) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders

and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 14(A) (Meetings of Bondholders), a modification, waiver or authorisation in accordance with Condition 14(B) (Modification and Waiver) or a substitution in accordance with Condition 14(C) (Substitution), the Issuer will procure that the Bondholders be notified in accordance with Condition 11 (Notices).

15 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice to the Issuer or any other person, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it needs not take any such steps and/or actions and/or institute any such proceedings unless (A) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

16 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking proceedings or other action unless indemnified and/or secured and/or pre-funded of its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may rely conclusively and without liability to Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or opinion or any advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, opinion or advice, in which case such report, confirmation, certificate, information, opinion or advice shall be binding on the Issuer and the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on its part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default or a Potential Event of Default has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and/or any of its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

17 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any such further bonds issued pursuant to this Condition and consolidated and forming a single series with the

Bonds. Any further bonds consolidated and forming a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent contemplated in Conditions 10 (*Events of Default*) and 15 (*Enforcement*) or as otherwise expressly provided for in these Conditions and/or in the Trust Deed.

19 Governing Law and Submission to Jurisdiction

(A) Governing Law

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts and waived any objections to Proceedings in any such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(C) Service of process

Without prejudice to any other mode of service allowed under relevant law, the Issuer agrees to receive service of process in any Proceedings in Hong Kong at its business address at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong. If for any reason the Issuer shall cease to have a principal place of business in Hong Kong, the Issuer shall promptly notify the Trustee and irrevocably agrees to appoint a substitute process agent in Hong Kong and to notify the Trustee of the acceptance by such substitute process agent of its appointment.

MARKET PRICE INFORMATION

The Shares have been listed on the Main Board of the Hong Kong Stock Exchange since June 1, 2020. The following table sets forth the high and low closing prices per Share for the periods indicated, as reported on the Hong Kong Stock Exchange.

	Closing price	
	High	Low
	<i>HK\$</i>	
2020		
Second Quarter (starting from June 1, 2020).....	18.56	15.82
Third Quarter	67.05	17.62
Fourth Quarter	53.20	33.30
2021		
First Quarter	121.00	37.30
Second Quarter	71.40	46.55
Third Quarter	46.50	24.65
Fourth Quarter	32.20	23.00
2022		
First Quarter	27.00	16.72

EXCHANGE RATE INFORMATION

THE PRC

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. The value of the Renminbi against the U.S. dollar, HK dollar and other currencies is affected by, among other things, changes in the PRC's political and economic conditions and the PRC's foreign exchange policies. It is difficult to predict how long the current situation may last and when and how Renminbi exchange rates may change going forward.

The following table sets forth the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board for the periods indicated:

	Exchange rate			
	Period end	Average ⁽²⁾	High	Low
	<i>(RMB per US\$1.00)</i>			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April	6.6080	6.4310	6.6243	6.3590
May	6.6715	6.6990	6.7880	6.6079

Notes:

1. Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
2. Annual averages are calculated using the average of the rates on the last business day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

DESCRIPTION OF THE SHARES

Set out below is certain information concerning the Shares and a summary of certain provisions of the Issuer's memorandum of association and articles of association (the "Articles") and certain other information concerning the Issuer. Such summary does not purport to be complete and is qualified in its entirety by reference to the full Articles.

The Issuer was incorporated in the Cayman Islands as an exempted company with limited liability on September 8, 2011 under the Companies Act (As Revised), Cap. 22 of the Cayman Islands (the "**Cayman Companies Act**") and, therefore, operates subject to Cayman Islands law.

Alteration of Capital

The Issuer may from time to time by ordinary resolution in accordance with the relevant provisions of the Articles and the Cayman Companies Act to:

- (i) increase its capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association of the Issuer, subject nevertheless to the provisions of the Cayman Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Issuer has power to attach to unissued or new shares; or
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Act.

The Issuer may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Cayman Companies Act.

Special Resolution — Majority Required

A “special resolution” is defined in the Articles to have the meaning ascribed thereto in the Cayman Companies Act, and shall include a unanimous written resolution of all members of the Issuer: for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and includes a special resolution in writing (in one or more counterparts) signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Issuer duly convened and held. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an “ordinary resolution” is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting held in accordance with the Articles and includes an ordinary resolution approved in writing by all the members of the Issuer aforesaid.

Voting Rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting (a) every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak, (b) on a show of hands, every member present in such manner shall have one vote unless such member is required by the Listing Rules to abstain from voting to approve the matter under consideration, and (c) on a poll every member present in such manner shall have one vote for each share registered in his name in the register of members of the Issuer unless such member is required by the Listing Rules to abstain from voting to approve the matter under consideration.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more

senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so, and such person may vote by proxy.

Save as expressly provided in the Articles or as otherwise determined by the Directors, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Issuer in respect of his shares shall be entitled to be present or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a poll save that the chairperson of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Issuer or at any general meeting of any class of members or at any creditors meeting of the Issuer provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if such person were an individual member holding the number and class of shares specified in such authorisation, including, the right to speak and where a show of hands is allowed, the right to vote individually on a show of hands.

Annual General Meeting

The Issuer shall hold a general meeting as its annual general meeting within six months after the end of each financial year. The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and place as the Directors shall appoint.

Transfer of Shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in any standard form of transfer as prescribed by the Hong Kong Stock Exchange or such other form as the Directors may approve, which is consistent with the standard form of transfer as

prescribed by the Hong Kong Stock Exchange and approved by the Directors. All instruments of transfer must be left at the registered office of the Issuer or at such other place as the Directors may appoint and all such instruments of transfer shall be retained by the Issuer.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Issuer in respect thereof.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Issuer has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Issuer accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Issuer; and
- (f) a fee of such amount not exceeding the maximum amount as the Hong Kong Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Issuer in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Issuer, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Hong Kong Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Issuer by electronic means as provided in the Articles or by advertisement published in the newspapers, be suspended and the register of members of the Issuer closed at such times for such periods as the Directors may from time to time determine, provided

that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Issuer may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Power of the Issuer to Purchase its own Shares

The Issuer is empowered by the Cayman Companies Act and the Articles to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Issuer subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a gale warning or black rainstorm warning) that render the giving of such publication of advertisement impossible, the Issuer shall comply with these requirements as soon as practicable.

Dividends and other Methods of Distributions

Subject to the Cayman Companies Act and the Articles, the Issuer in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Issuer lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Issuer has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Issuer all sums of money (if any) presently payable by him to the Issuer on account of calls, instalments or otherwise.

No dividend shall carry interest against the Issuer.

Whenever the Directors or the Issuer in general meeting have resolved that a dividend be paid or declared on the share capital of the Issuer, the Directors may further resolve: EITHER (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Issuer entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; OR (b) that the members of the Issuer entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Issuer may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Issuer that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Issuer to elect to receive such dividend in cash in lieu of such allotment.

Unless otherwise directed by the Directors, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Issuer entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Issuer in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Issuer in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Issuer in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

The Issuer may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Issuer may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the exclusive benefit of the Issuer until claimed and the Issuer shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Directors and shall revert to the Issuer and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

The Directors, with the sanction of the members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Directors may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Issuer, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective.

Inspection of Register of Members

The register of members of the Issuer shall be kept in such manner as to show at all times the members of the Issuer for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Hong Kong Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Issuer by electronic means as provided in the Articles or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Issuer may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Issuer without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

Quorum for Meetings and separate Class Meetings

No business (except the appointment of a chairperson of the meeting) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

Two members of the Issuer present in person (or in the case of a corporation, by its duly authorised representative) or by proxy shall be a quorum provided always that if the Issuer has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Issuer shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Issuer or at any relevant general meeting of any class of members of the Issuer.

Procedure on Liquidation

Subject to the Cayman Companies Act, the Issuer may by special resolution resolve that the Issuer be wound up voluntarily.

If the Issuer shall be wound up, and the assets available for distribution amongst the members of the Issuer as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Issuer in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Issuer shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Issuer in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Issuer shall be wound up, the liquidator may with the sanction of a special resolution of the Issuer and any other sanction required by the Cayman Companies Act, divide amongst the members of the Issuer *in specie* or kind the whole or any part of the assets of the Issuer (whether they shall consist of property of one kind or shall consist of properties of different kinds) and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members of the Issuer. The liquidator may, with the like authority or sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Issuer as the liquidator, with the like authority or sanction and subject to the Cayman Companies Act, shall think fit, and the liquidation of the Issuer may be closed and the Issuer dissolved, but so that no member of the Issuer shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

DIVIDENDS

As advised by our Cayman Islands legal advisor, Maples and Calder (Hong Kong) LLP, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to the Shareholders out of either our profits or our reserves lawfully available for distribution, provided that this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the declaration, payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC law requires that dividends be paid only out of the profit for the year calculated according to PRC accounting principles. Subject to the memorandum and articles of association of the Company and the Cayman Companies Act, any dividends to be declared and paid will be determined at the discretion of our board of Directors, taking into account factors including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors the Directors consider relevant. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the board of Directors.

The Company had not declared or paid dividends for the years ended December 31, 2019, 2020 and 2021. Currently, we do not have a fixed dividend payout ratio.

TAXATION

The following summary of certain Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Bonds. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or redemption premium on the Bonds will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest, principal or redemption premium to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands tax. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

No stamp duty is payable in respect of the issue of the Bonds. An instrument of transfer in respect of a security is stampable if executed in or brought into the Cayman Islands.

No stamp duty is payable in respect of the issue of the Shares or on an instrument of transfer in respect of a Share.

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, we may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations; and

- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, (i) on or in respect of our shares, debentures or other obligations, or (ii) by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (As Revised).

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising

through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or subsequent transfer of a Bond (for so long as the register of holders of the Bonds is maintained outside Hong Kong, as is expected to be the case).

PRC

Taxation on Interests and Capital Gains

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% must be withheld from interest paid to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business if we are deemed to be a PRC “resident enterprise” and the distribution is deemed as PRC-source income. In the case of “non-resident individual” investors, the PRC income tax on interest may be imposed and withheld at a rate of 20%. Any gain realized on the transfer of the Bonds by “non-resident enterprise” investors would be subject to a 10% PRC income tax, or 20% PRC income tax for “non-resident individual” investors, if such gain is regarded as income derived from sources within the PRC in the case that we are treated as a PRC “resident enterprise”. Any PRC tax liability described above may be reduced to the extent provided under applicable tax treaties. As advised by Han Kun Law Offices, our legal advisors as to PRC law, there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we are treated as a PRC “resident enterprise,” the payments of interest we make in respect of the Bonds, and the gain any investor may realize from the transfer of the Bonds, may be treated as income derived from sources within the PRC and may be subject to PRC tax (including withholding tax in the case of interest payments), as described in “*Risk Factors —*

Risks Relating to doing business in the PRC — We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.”

Value-added tax

On March 23, 2016, the MOF and the SAT issued the Circular of Taxation on Full Launch of the Pilot Scheme on Levying Value-Added Tax in Place of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), or Circular 36, which confirms that since May 1, 2016, the income derived from the provision of financial services which attracted business tax has been entirely replaced by, and subject to, value-added tax.

According to Circular 36, the entities and individuals providing the services within China shall be subject to value-added tax. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to value-added tax include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the PRC Bondholders are likely to be treated as the holders of the Bonds located within China providing loans to us, which thus shall be regarded as providing financial services subject to value-added tax. Thus, the PRC Bondholders shall be subject to value-added tax under Circular 36 when receiving the interest payments under the Bonds.

In general, while still subject to the competent tax authority’s further clarification or interpretation, the provision of loans and the income therefrom will not be subject to value-added tax in the PRC provided that both the Bondholders and us are not within the PRC and the Bonds are not issued within the PRC. However, due to the lack of explicit tax rules, the risk may not be entirely ruled out that holders of the Bonds might be deemed to be providing financial services to us within the PRC and consequently, the amount of interest payable by us to any non-PRC resident holders may be subject to withholding value-added tax at the rate of 6% plus related surcharges.

Where a non-PRC resident individual resells the Bonds, value-added tax may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a non PRC-resident enterprise holder resells the Bonds to an entity or individual located outside of the PRC, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply. However, where a non PRC-resident enterprise holder resells the Bonds, there is uncertainty as to the applicability of value-added tax if the buyer of Bonds is located inside the PRC.

The above statement may be subject to further change upon the issuance of clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside the PRC) of a security.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated July 4, 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has conditionally agreed to issue to the Joint Lead Managers or as they may direct, and the Joint Lead Managers have conditionally agreed with the Issuer to severally and not jointly subscribe and pay for the aggregate principal amount of the Bonds set forth opposite their respective names below:

Managers	Principal Amount of Bonds to be Subscribed
J.P. Morgan Securities plc	U.S.\$49,000,000
Credit Suisse (Hong Kong) Limited.	U.S.\$21,000,000
Total	<u>U.S.\$70,000,000</u>

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Joint Lead Managers is a third party independent of the Issuer and is not a connected person (as defined in the Listing Rules) of the Issuer.

To the best of the Directors’ knowledge, information and belief, none of the initial placees (and their respective ultimate beneficial owners) is a connected person (as defined in the Listing Rules) of the Issuer.

The Issuer has undertaken with the Joint Lead Managers in the Subscription Agreement that neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive) (the “**Lock-up period**”),

except for the Bonds and the Shares to be issued on conversion of the Bonds, and any options or Shares granted under the share option scheme adopted by the Issuer on October 13, 2020 and/or the restricted share unit scheme approved and adopted by the board of the Issuer on August 1, 2019.

Creative Brocade International Limited (“**Creative**”) will execute a lock-up undertaking on or before the Issue Date, undertaking in favor of the Joint Lead Managers that, for a period commencing from the date of the undertaking to 90 days after the Issue Date, without the prior written consent of the Joint Lead Managers, except for the Lock-up Shares which are subject to share pledge(s) created prior to the date of the lock-up undertaking, it will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares (as defined below) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as the Lock-up Shares or other instruments representing interests in the Lock-up Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The “**Lock-up Shares**” comprise 165,710,764 Shares, representing approximately 36.67 per cent. of the existing issued share capital of the Issuer, held by Creative directly (or through nominees) or indirectly through trusts and/or companies controlled by it at the date of the lock-up undertaking.

The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate the Subscription Agreement in certain circumstances at any time prior to payment of the net subscription monies for the Bonds to the Issuer. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and their affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

The Joint Lead Managers and their affiliates may purchase Bonds for their own account (without a view to distributing such Bonds) and enter into transactions, including (i) credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Issuer's securities or (ii) equity derivatives and stock loan transactions relating to the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any of the Issuer's other securities, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Joint Lead Managers and their affiliates. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant portion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve the Issuer's securities and instruments, including the Bonds. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the Issuer's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

Concurrent with the Offering, the Managers may facilitate sales of existing Shares notionally underlying the Bonds by buyers of the Bonds who wish to sell such Shares in short sales to purchasers procured by the Managers in order to hedge the market risk to which buyers of the Bonds are exposed with respect to the Bonds that they acquire in the Offering.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their

own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

Prohibition of Sales EEA Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each of the Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Bonds. The Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material

relating to the Bonds constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as

used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRC

Each of the Joint Lead Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Cayman Islands

Each of the Joint Lead Managers has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any Bonds to the public or any member of the public in the Cayman Islands.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered holder of the Global Certificate (the “**Registered Holder**”) (and any proxy or representative appointed by it) will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of Bonds then outstanding. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Bond by the Issuer following its redemption, conversion or purchase by the Issuer or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee’s Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Conversion

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System (as defined below)), the Conversion Right attaching to the Bonds in respect of which the Global Certificate is issued may be exercised during the Conversion Period by the presentation to or to the order of the Principal Agent of one or more Conversion Notices (as defined in the Terms and Conditions) duly completed by or on behalf of a holder of a book-entry interest in such Bonds.

Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

Payment

The Issuer, for value received, will pay to the Registered Holder of the Bonds in respect of which the Global Certificate is issued (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Conditions in respect of the Bonds represented by the Global Certificate together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Terms and Conditions.

Payment of principal in respect of Bonds represented by the Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Such payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Calculation of Interest

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.

Bondholder's Redemption

The Bondholder's redemption options in Condition 8(D) (*Redemption for Relevant Event*) and Condition 8(E) (*Redemption at the option of the Bondholders*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the relevant Condition.

Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 8(B) (*Redemption for Taxation Reasons*) and Condition 8(C) (*Redemption at the Option of the Issuer*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the relevant Condition and Condition 8(H) (*Redemption Notices*) of the Terms and Conditions.

Bondholder's Tax Option

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8(B) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Tax Redemption Notice within the time limits set out in and containing the information required by Condition 8(B) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Exchange of Bonds Represented by Global Certificates

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream (or any other clearing system (an "**Alternative Clearing System**") as shall have been selected by the Issuer and approved by the Trustee, the Principal Agent and the Registrar on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Transfers

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

INDEPENDENT ACCOUNTANTS

The consolidated audited financial statements of the Issuer for the years ended December 31, 2020 and 2021 which are incorporated by reference in this Offering Circular have been audited by PwC, the independent auditors of the Issuer, in accordance with ISA issued by the IAASB.

GENERAL INFORMATION

LEGAL ENTITY IDENTIFIER

The Legal Entity Identifier (LEI) of the Issuer is 2549007U7YP15ZP1KO72.

AUTHORIZATIONS

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds has been authorized by the board resolutions of the Issuer dated June 27, 2022.

An Enterprise Foreign Debt Filing Certificate dated May 27, 2022 has been obtained from the NDRC in connection with the issuance of the Bonds pursuant to the NDRC Circular and which remains in full force and effect as of the date of this Offering Circular.

LITIGATION

There are no legal or arbitration proceedings against or affecting the Issuer or any of member of the Group, nor is the Group aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Bonds.

NO MATERIAL ADVERSE CHANGE

Except as disclosed in this Offering Circular, there has been no material adverse change in the condition (financial or otherwise), prospects, results of operations or general affairs since December 31, 2021.

DOCUMENTS AVAILABLE

For so long as any of the Bonds is outstanding, copies of the Trust Deed and the Agency Agreement may be inspected by Bondholders free of charge at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. on any weekday except public holidays) at the principal office for the time being of the Trustee (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding and identity to the satisfaction of the Trustee.

For so long as any of the Bonds is outstanding, copies of the Articles and the accountants' reports and/or the published financial statements, may be inspected at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m.) on any weekday (except public holidays) at the principal office of the Issuer following prior written request and proof of holding to the satisfaction of the Issuer.

AUTHORIZED SHARES

As of the date of this Offering Circular, our authorized share capital is US\$25,000 divided into 1,000,000,000 ordinary shares of US\$0.000025 each.

CLEARING SYSTEMS AND SETTLEMENT

The Bonds have been accepted for clearance through the facilities of Euroclear and Clearstream under Common Code number 249729922 and the International Securities Identification Number for the Bonds is XS2497299227.

Only Bonds evidenced by a Global Certificate have been accepted for clearance through Euroclear and Clearstream.

LISTING OF THE BONDS

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only as described in this Offering Circular. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on July 14, 2022.

LISTING OF THE SHARES

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds.

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