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根據不同投票權架構，我們的股本包括A類普通股及B類普通股。對於提呈本公司股東大會投票的所有事宜，A類普通股持有人每股可投1票，而B類普通股持有人則每股可投10票。股東及有意投資者務請留意投資不同投票權架構公司的潛在風險。我們的美國存託股(每股美國存託股代表八股A類普通股)於美國納斯達克上市，股份代碼為BIDU。

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**人民幣7,500,000,000元於2030年到期的2.70%優先票據  
(債務股份代號：85012)  
及  
人民幣2,500,000,000元於2035年到期的3.00%優先票據  
(債務股份代號：85013)  
(統稱「票據」)**



**Baidu, Inc.**

**百度集團股份有限公司**

(於開曼群島註冊成立以不同投票權控制的有限責任公司)

**(股份代號：9888(港元櫃台)及89888(人民幣櫃台))**

**刊發發售備忘錄**

本公告乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「香港上市規則」)第37.39A條刊發。

請參閱本公告隨附日期為2025年3月5日有關發行票據的發售備忘錄(「發售備忘錄」)。發售備忘錄僅以英文刊發。概無刊發發售備忘錄的中文版。

**香港投資者謹請注意：**百度集團股份有限公司(「本公司」)確認票據擬僅供專業投資者(定義見上市規則第37章)購買，並已按該基準於聯交所上市。因此，本公司確認票據不適合作為香港散戶之投資。投資者應審慎考慮所涉及的風險。

發售備忘錄並不構成向任何司法管轄區的公眾提呈出售任何證券的招股章程、通告、備忘錄、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱以邀請公眾就認購或購買任何證券作出要約。

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承董事會命  
百度集團股份有限公司  
董事長兼首席執行官  
李彥宏先生

香港，2025年3月13日

於本公告日期，本公司董事會包括董事李彥宏先生；以及獨立董事丁健先生、楊元慶先生、符績勛先生、許冉女士及劉曉丹女士。

## IMPORTANT NOTICE

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If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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This offering memorandum is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in this offering memorandum. You are reminded that the information in the attached offering memorandum is not complete and may be changed.

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CONFIDENTIAL



## Baidu, Inc.

**CNY7,500,000,000 2.70% Senior Notes due 2030 at an Issue Price of 100.00%**

**CNY2,500,000,000 3.00% Senior Notes due 2035 at an Issue Price of 100.00%**

We are offering CNY7,500,000,000 of our 2.70% senior notes due 2030, or the 2030 Notes and CNY2,500,000,000 of our 3.00% senior notes due 2035, or the 2035 Notes, and, together with the 2030 Notes are referred to in this offering memorandum as the “Notes.” The 2030 Notes will mature on March 12, 2030 and the 2035 Notes will mature on March 12, 2035. Interest on the Notes will accrue from March 12, 2025 and be payable semi-annually in arrears on March 12 and September 12 of each year, beginning on September 12, 2025. The Notes will be issued in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

We may redeem the 2030 Notes at any time prior to February 12, 2030 and the 2035 Notes at any time prior to December 12, 2034, in each case, in whole or in part, upon giving not less than 30 days’ nor more than 60 days’ notice to holders of the applicable Notes (which notice shall be irrevocable) and the Trustee, at a redemption amount equal to the greater of (i) 100% of the principal amount of the applicable Notes to be redeemed and (ii) the make whole amount (as provided elsewhere in this offering memorandum), plus, in each case, accrued and unpaid interest, if any, to (but not including) the applicable redemption date. We may also redeem the 2030 Notes at any time from or after February 12, 2030 and the 2035 Notes at any time from or after December 12, 2034, in each case, in whole or in part, upon giving not less than 30 days’ nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the applicable Notes to be redeemed plus accrued and unpaid interest, if any, on such Notes to, but not including, the applicable redemption date. We may also redeem all of the Notes of any series at any time upon the occurrence of certain tax events. Upon the occurrence of a Triggering Event (as defined in this offering memorandum) and subject to certain other conditions, we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase. There is no sinking fund for the Notes.

The Notes are our senior unsecured obligations and will (1) rank senior in right of payment to all of our existing and future obligations expressly subordinated in right of payment to the Notes, (2) rank at least equally in right of payment with all of our existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law), (3) be effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets serving as security therefor, and (4) be structurally subordinated to all existing and future obligations and other liabilities of our subsidiaries and consolidated affiliated entities. We intend to use the net proceeds of the offering for repayment of certain existing indebtedness, payment of interest and general corporate purposes. For a more detailed description of the Notes, see “Description of the Notes” beginning on page 28.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Hong Kong Listing Rules (as defined in this offering memorandum)) (the “Professional Investors”) only. This document is for distribution to Professional Investors only. Please see the selling restrictions set out under the section entitled “Plan of Distribution.”

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

**The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or us or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. We completed the pre-issuance registration of the offering of the Notes with the National Development and Reform Commission of the PRC, or the NDRC, and obtained a certificate evidencing such registration on January 24, 2025, in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises, or the NDRC Foreign Debt Measures, effective from February 10, 2023.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, or the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act, or Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” beginning on page 60.**

We expect the Notes to be rated A3 by Moody’s Investor Service Limited, or Moody’s and A by Fitch Ratings Ltd., or Fitch. A security rating does not constitute a recommendation to purchase, hold or sell the Notes inasmuch as such rating does not comment as to market price or suitability for a particular investor.

**Investing in the Notes involves risks. See “Risk Factors” beginning on page 12.**

The global notes will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator, or the CMU Operator, of the Central Moneymarkets Unit Service, or the CMU or the Clearing System, and will be exchangeable for definitive Notes in registered certificated form, or Certificated Notes, only in the circumstances set out therein. Except as described in the global notes, owners of interest in the Notes represented by the global notes will not be issued in exchange for interests in the global notes. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV, or Euroclear, or Clearstream Banking S.A., or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator. Beneficial interests in the global note will be shown on, and transfers thereof will be effected only through, records maintained by the CMU Operator.

### *Joint Global Coordinators and Joint Bookrunners*

**CITIC Securities**

**China International Capital Corporation**

**Bank of China (Hong Kong)**

**ICBC (Asia)**

### *Joint Bookrunners*

**China Minsheng Banking Corp., Ltd. Hong Kong Branch**

**Industrial Bank Co., Ltd. Hong Kong Branch**

**Bank of Communications**

**Agricultural Bank of China**

**Standard Chartered Bank**

The date of this Offering Memorandum is March 5, 2025.

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## IMPORTANT NOTICE TO INVESTORS

**You should rely only on the information contained or incorporated by reference in this offering memorandum. We have not authorized anyone to provide you with different information. We are not, and CLSA Limited, China International Capital Corporation Hong Kong Securities Limited, Bank of China (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Bank of Communications Co., Ltd. Hong Kong Branch, Agricultural Bank of China Limited Hong Kong Branch, ABCI Capital Limited and Standard Chartered Bank (Hong Kong) Limited, as the initial purchasers, are not, making an offer of the Notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.**

We are relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Regulation S under the Securities Act. The securities offered by this offering memorandum have not been and will not be registered under the Securities Act or under the securities laws of any other jurisdiction. Unless they are registered, the Notes may be transferred or resold only in transactions that are exempt from such laws. By purchasing Notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading “Transfer Restrictions” in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. The initial purchasers, the trustee, the agents, or any person who controls any of them, or their respective directors, officers, employees, agents, representatives, advisers and affiliates, make no representations or warranties, express or implied, as to the accuracy or completeness of any of the information set forth in this offering memorandum, and you should not rely on anything contained in this offering memorandum as a promise or representation, whether as to the past or the future. We cannot assure you that this information obtained from other parties is accurate or complete. This offering memorandum summarizes and incorporates certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of the offering and the Notes, including the merits and risks involved.

You acknowledge that (a) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision and (b) no person has been authorized to give any information or to make any representation concerning us or the Notes other than as contained or incorporated by reference in this offering memorandum, and, if given or made, such other information or representations should not be relied upon as having been authorized by us or the initial purchasers.

We are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor for legal, business and tax advice regarding an investment in the Notes.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed private placement of the Notes described in this offering memorandum. We and the initial purchasers reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of Notes offered by this offering memorandum.



This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes to any person in any jurisdiction where it is unlawful to make such offer or solicitation. The distribution of this offering memorandum and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by the company and the initial purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see “Transfer Restrictions” and “Plan of Distribution.”

This offering memorandum 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 Notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective purchaser, by accepting this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum. Each offeree will notify its advisors of the restrictions imposed by the United States securities laws on the purchase and sale of securities and on the communication of confidential information to any other person.

The initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes which, if commenced, may be discontinued. Specifically, the initial purchasers may over-allot in connection with this offering and may bid for and purchase the Notes in the open market. For a description of these activities, see “Plan of Distribution.”

This offering memorandum includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to us. The company accepts full responsibility for the accuracy of the information contained in this offering memorandum (including information incorporated by reference herein) 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.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this offering memorandum. Any representation to the contrary is a criminal offense.

### **Notice to Prospective Investors in Hong Kong**

You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this offering memorandum, you should obtain independent professional advice. The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the CWUMPO or which do not constitute an invitation to the public within the meaning of the SFO, or (ii) to “professional investors” as defined in the SFO and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the CWUMPO, and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the SFO and any rules made thereunder.

### **Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong Securities and Futures Commission Code of Conduct – Important Notice to Prospective Investors**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain initial purchasers, are “capital market intermediaries,” or CMIs, subject to Paragraph 21 of the



Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, or the SFC Code. This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMI, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators,” or OCs, for this offering and are subject to additional requirements under the SFC Code.

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

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

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

This offering memorandum and any other document or materials relating to the issue of the Notes is not being made, and this offering memorandum and such other documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended, or the FSMA. Accordingly, this offering memorandum and such other documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. This offering memorandum and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Financial Promotion Order), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”).

This offering memorandum and such other documents and/or materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum and any such other document or materials relates will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any such other documents or materials relating to the issue of the Notes or any of their contents.

## **MARKET DATA**

Market data used in or incorporated into this offering memorandum were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither we nor the initial purchasers make any representation as to the accuracy of such information.

## **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We are currently subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers and the Hong Kong Listing Rules as applicable to listed issuers on the Main Board of the Hong Kong Stock Exchange. Accordingly, we are required to file reports, including annual reports, and other information with the SEC and the Hong Kong Stock Exchange. All information filed with the SEC can be obtained over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov), and all information filed with the Hong Kong Stock Exchange can be obtained over the Internet at the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

## INCORPORATION BY REFERENCE

This offering memorandum incorporates by reference certain reports and other information that we have filed with the SEC under the Exchange Act. This means that we are disclosing important business and financial information to you by referring you to those documents. We incorporate by reference the documents listed below (including each of the exhibits referenced therein):

- our annual report on Form 20-F for the fiscal year ended December 31, 2023 filed with the SEC on March 15, 2024, or the 2023 Annual Report;
- our registration statement on Form S-8 furnished to the SEC on June 7, 2024, including Exhibit 10.1 which is our 2023 Share Incentive Plan;
- our current report on Form 6-K furnished to the SEC on October 8, 2024, including Exhibit 99.1 titled “Press Release”;
- our current report on Form 6-K furnished to the SEC on February 24, 2025;
- our current report on Form 6-K furnished to the SEC on February 25, 2025, including Exhibit 99.1 titled “Press Release—Baidu Acquires JOYY’s Live Streaming Business in China”; and
- all subsequent reports on Form 20-F and any report on Form 6-K that indicates it is being incorporated by reference that we file with or furnish to the SEC on or after the date hereof and until the termination or completion of the offering by means of this offering memorandum.

Unless expressly incorporated by reference, nothing in this offering memorandum shall be deemed to incorporate by reference information furnished to, but not filed with, the SEC.

To the extent there are inconsistencies between the information contained in this offering memorandum and the information contained in the documents incorporated by reference as of the date hereof, the information in this offering memorandum shall be deemed to supersede the information in such incorporated documents. Any statement contained in this offering memorandum or in a document incorporated or deemed to be incorporated by reference into this offering memorandum shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this offering memorandum or in any other subsequently filed document which also is or is deemed to be incorporated by reference into this offering memorandum modifies or supersedes the statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

Statements contained in this offering memorandum or in any document incorporated by reference into this offering memorandum as to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the documents incorporated by reference, each such statement being qualified in all respects by such reference.

Upon written or oral request, we will provide you with a copy of any of the incorporated documents without charge (not including exhibits to the documents unless the exhibits are specifically incorporated by reference into the documents). Requests for documents should be directed to Baidu, Inc., Baidu Campus, No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, The People’s Republic of China, Telephone: +(86 10) 5992-8888, Fax: +(86 10) 5992-0000.

## CONVENTIONS THAT APPLY TO THIS OFFERING MEMORANDUM

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “ADSs” refer to our American depositary shares, each ADS representing eight Class A ordinary shares;
- “Articles of Association” refers to our Amended and Restated Articles of Association, adopted on June 27, 2023, as amended and restated from time to time;
- “board” or “board of directors” refers to our board of directors, unless otherwise stated;
- “China” or “PRC” refers to the People’s Republic of China, including Hong Kong, Macau and Taiwan; and “mainland China” refers to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan;
- “Class A ordinary shares” refer to Class A ordinary shares of the share capital of our company with a par value of US\$0.000000625 each, conferring a holder of a Class A ordinary share one vote per share on all matters submitted for voting at general meetings of our company;
- “Class B ordinary shares” refer to Class B ordinary shares of the share capital of our company with a par value of US\$0.000000625 each, conferring weighted voting rights in our company such that a holder of a Class B ordinary share is entitled to 10 votes per share on all matters submitted for voting at general meetings of our company;
- “CMU” refers to The Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority;
- “CWUMPO” refers to the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, and the rules and regulations promulgated thereunder;
- “director(s)” refers to member(s) of our board, unless otherwise stated;
- “Exchange Act” refers to the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
- “foreign private issuer” refers to such term as defined in Rule 3b-4 under the U.S. Exchange Act;
- “Hong Kong” or “HK” or “Hong Kong S.A.R.” refers to the Hong Kong Special Administrative Region of the PRC;
- “Hong Kong Listing Rules” refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
- “Hong Kong Stock Exchange” refers to The Stock Exchange of Hong Kong Limited;
- “Memorandum” refers to our memorandum of association (as amended from time to time);
- “NDRC” refers to the National Development and Reform Commission of the PRC;
- “MAU”, or monthly active user, refers to the number of mobile devices that launched our mobile apps during a given month;
- “our company” or the “Issuer” refers to Baidu, Inc., which is not a PRC operating company but a Cayman Islands holding company with operations primarily conducted through (i) our mainland China subsidiaries and (ii) contractual arrangements with the variable interest entities, or the VIEs, based in mainland China. This structure entails unique risks to investors, see “Item 3.D. Key Information—Risk Factors—Risks Related to our Corporate Structure” in our 2023 Annual Report for more details;
- “RMB” or “Renminbi” refers to the legal currency of mainland China;
- “SAFE” refers to the State Administration of Foreign Exchange of the PRC, the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable;

- “SEC” refers to the United States Securities and Exchange Commission;
- “Securities Act” refers to the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
- “SFO” refers to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
- “shares” or “ordinary shares” refers to our ordinary shares, which include both Class A ordinary shares and Class B ordinary shares;
- “U.S.” or “United States” refers to the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
- “U.S. GAAP” refers to generally accepted accounting principles in the United States;
- “we,” “us,” “our,” or “Baidu” refers to Baidu, Inc., its subsidiaries, and, in the context of describing our operations and consolidated financial information, the variable interest entities incorporated in mainland China and other consolidated affiliated entities in which we do not have any equity ownership but whose financial results have been consolidated into our consolidated financial statements based solely on contractual arrangements in accordance with U.S. GAAP. These variable interest entities include, but are not limited to, Beijing Baidu Netcom Science Technology Co., Ltd., or Baidu Netcom, Beijing Perusal Technology Co., Ltd., or Beijing Perusal, Beijing iQIYI Science & Technology Co., Ltd., or Beijing iQIYI;
- “iQIYI” refers to iQIYI, Inc., a company incorporated in the Cayman Islands listed on Nasdaq under the symbol “IQ” and one of our subsidiaries;
- “\$,” “dollars,” “US\$” or “U.S. dollars” refers to the legal currency of the United States; and
- all discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

Our reporting currency is the Renminbi. This offering memorandum contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB7.0999 to US\$1.00, the exchange rate in effect as of December 29, 2023 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.



## FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to,” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements include, among other things:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our ability to identify and conduct investments and acquisitions, as well as integrate acquired target(s);
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate;
- our dividend policy; and
- all other risks and uncertainties described in the “Risk Factors” section in this offering memorandum and “Item 3.D. Key Information—Risk Factors” of our 2023 Form 20-F.

The forward-looking statements included in this offering memorandum are subject to risks, uncertainties, and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of the risk factors disclosed in this offering memorandum. We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed herein and in the documents incorporated by reference for a more complete discussion of the risks of an investment in our securities. We operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

## SUMMARY

*This summary highlights information contained elsewhere in or incorporated by reference into this offering memorandum. This summary is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read the entire offering memorandum carefully, including the section titled “Risk Factors” of this offering memorandum and under “Item 3. Key Information—D. Risk Factors” in our 2023 Annual Report, our consolidated financial statements and related notes, which are incorporated by reference in this offering memorandum, and the other financial information appearing elsewhere in or incorporated by reference into this offering memorandum.*

### Company Overview

Our mission is to make the complicated world simpler through technology.

We are a leading AI company with a strong internet foundation. We have been consistently investing in AI since 2010 to advance our technological capabilities, enhance our search functionality and boost overall monetization. The breadth and depth of our AI capabilities provide the differentiating foundational technologies that power all of our businesses.

We are in the midst of a broad-based platform shift driven by generative AI and foundation models that is set to revolutionize every industry. To capture this opportunity, we launched ERNIE Bot, our conversational AI bot powered by ERNIE, our in-house foundation model, in the first quarter of 2023. We have continued to expand the ERNIE family of models. In May 2023, we launched ERNIE 3.5, which served as the latest foundation model powering ERNIE Bot at that time. According to the International Data Corporation (IDC)’s latest report on the technological abilities of AI models, issued in July 2023, ERNIE 3.5 excelled in many areas, such as algorithm, industry coverage, developer tools and ecosystem. In October 2023, we launched ERNIE 4.0 (EB4), our most advanced foundation model at the time. EB4 is a GPT4-type of model, displaying human-level performance in understanding, content generation, complex reasoning and memory retention. These capabilities are crucial for developing AI-native applications and solutions. In June 2024, we launched ERNIE 4.0 Turbo, which provides superior capabilities for typical use cases and is designed to run faster and at lower cost compared to ERNIE 4.0. We also introduced a number of lightweight models to enrich the ERNIE family of models. We have been using the ERNIE family of models to renovate our products and offerings in order to provide AI-native experiences. ERNIE handled approximately 1.65 billion API calls daily in December 2024.

We are one of the very few companies in the world that offers a full AI stack of four layers, including cloud infrastructure, deep learning framework developed in-house, foundation models, and applications. Baidu AI Cloud was ranked the No.1 AI cloud provider for the fifth consecutive year, according to IDC’s 2023 report on China’s AI public cloud market. We are the market leader in autonomous driving and we are the first recipient of driverless licenses in China and the U.S. As of February 2025, we have commenced 100% driverless operations across China.

Baidu was founded as a search engine business in 2000 with the belief that technology can change the way people discover and consume information. At the heart of Baidu search is its ability to better understand a user’s search queries and to answer these queries by matching the most relevant information in ranked search results. To achieve this, we continually innovate and develop new technologies and products that enhance Baidu search user experience. We began to use AI a decade ago to power these technologies in order to better match user search intent with the large amount of information on the internet. For instance, our natural language processing, an AI capability, enables the understanding of important details of a query, particularly in complex conversational queries. This helps optimize search results returned and increase the satisfaction rate of users. Years of tagging, understanding and intelligently processing all forms of content on the internet—text, images and videos—with AI has enabled us to further develop leading AI technologies and commercialize them through products and services for consumers, enterprises and the public sector. Our ability to continually invest heavily in research and development is made possible by the durable revenue that we generated as a leading Internet platform.

PaddlePaddle and ERNIE developer community grew to 18.1 million in November 2024. The more developers and businesses use our AI models, tool kits and services, the better our AI capabilities become, which in turn further increases the attractiveness of our business communities. This network effect helps us obtain unique insights into different kinds of products and services that are in demand and have real-world applications across different industries, setting a strong foundation for us to make investment decisions and lead with technology, products and services in the markets that we have entered.

Our businesses span across an ecosystem of hundreds of millions of users, tens of millions of developers and hundreds of thousands of enterprises. Our usage of a strong technology foundation to support an open platform business model not only draws participants into our ecosystem, but also adds richness and vibrancy to our ecosystem, strengthening the long-term prospect and vitality of our business overall.

Over the past two decades, we have demonstrated a track record for long-term growth and strong profitability, which has enabled us to invest in a diversified portfolio of products and services with large total market opportunities and further improve our long-term growth prospects. Through years of investment in research, AI chip design, developer community, patents and talent development, we are applying AI to innovative use cases and new monetization opportunities. Baidu Core mainly provides search-based, feed-based, and other online marketing services, as well as products and services from new AI initiatives in the following three growth engines:

- Mobile Ecosystem: a portfolio of over one dozen apps, including Baidu App, ERNIE Bot, which serves as a versatile, multi-round conversational AI assistant on both PC and mobile, Haokan and Baidu Post, which provides an open platform that aggregates a wide range of third-party, long-tail content and services through our AI building blocks and which helps communities connect and share knowledge and information;
- AI Cloud: including (i) enterprise and public sector cloud service, which offers a full suite of cloud services and solutions, including IaaS (infrastructure as a service), PaaS (platform as a service) and SaaS (software as a service), and is uniquely differentiated by our AI solutions and (ii) personal cloud service; and
- Intelligent Driving & Other Growth Initiatives: consisting of (i) intelligent driving, including Apollo Go autonomous ride-hailing services and Baidu Apollo's auto solutions (Apollo Self-Driving Solutions and DuerOS for Auto), (ii) Xiaodu smart devices powered by DuerOS smart assistant, and (iii) AI chips.

At the core of our Mobile Ecosystem is Baidu App, which is the leading search-plus-feed app in China with a MAU of 679 million in December 2024. Unlike most mobile apps, which direct traffic to a closed ecosystem, Baidu App aggregates content and services from third-party apps and websites by means of our AI building blocks, and directs traffic to third-party content and service providers with native-app like experience. Baidu App continues to grow our huge offering of third-party content and services by leveraging our network partners of Baijiahao (BJH) Accounts, Smart Mini Program, Managed Page and ERNIE Agents under an open-platform model. We also incorporated AI-generated content to further enrich our content offerings on Baidu App as we leverage the ERNIE family of models to renovate our product and offerings. Our decade-long experience with AI and the development of a powerful knowledge graph allow us to match user intent with long-tail, third-party content and services on our open platform.

Our Mobile Ecosystem also includes a portfolio of over one dozen apps in addition to Baidu App, such as Haokan and Baidu Post, providing a platform for people to discover and consume information through search and feed and to interact and engage with creators, publishers, service providers and merchants. This native-app like experience from user acquisition to user relationship management to closed loop transactions demonstrates our value to merchants, enabling them to perform user life-time management on our platform, and has made Baidu App a leading online marketing services provider for both search and feed. Within our Mobile Ecosystem, we serve our customers by enabling them to tap into our massive user base. We have made extensive use of AI technologies to

develop innovative marketing services, such as dynamic ads, which recommend products from our marketing customers most fitting to each search user. Our marketing cloud also provides innovative AI capabilities to our marketing customers, so that users can still make product inquiries during non-business hours. In addition, the user engagement and user logins that have developed on our platform are enabling us to diversify monetization beyond online marketing into other services, such as Baidu Health.

Our AI Cloud includes two parts: (i) enterprise and public sector cloud, and (ii) personal cloud. Our enterprise and public sector cloud offers a full suite of cloud services and solutions, including IaaS, PaaS, and SaaS, and is differentiated by our AI capabilities. We offer some integrated AI solutions for enterprises in China's traditional industries and the public sector, helping them improve efficiency and productivity. Our solutions are specialized for certain use cases in traditional industries, including our quality inspection and patrol inspection solutions, ACE Smart Transportation and AI solutions for predicting water consumption and automatically adjusting water supply. Generative AI and foundation model have provided us with greater opportunities and strengthened our advantages in AI. We help enterprises train and fine-tune their customized models on our public cloud, and help them build AI applications, in particular, leveraging ERNIE API. Our cloud services cover various industries, including manufacturing, the public sector, energy and utilities, financial services, and internet/ media.

Intelligent Driving & Other Growth Initiatives consists of promising businesses in development with huge market opportunities, and some are at early-stage commercialization with a growing customer base. We are a market leader in intelligent driving and smart devices, and we are pursuing these large growth opportunities by leveraging our unique AI capabilities, data insights and internally developed chips. Apollo Go provides autonomous ride-hailing service. In January 2025, the accumulated rides provided to the public by Apollo Go exceeded 9 million. As of February 2025, Apollo Go has commenced 100% driverless operations across China.

In Beijing, Apollo Go has begun to charge fees for the autonomous ride-hailing services on open roads since November 25, 2021, and was granted the permits to charge fees for the driverless ride-hailing services on public roads on July 20, 2022, with no safety operator behind the steering wheel. Apollo Go received Beijing's first license to test vehicles with no driver or safety operator in the car on December 30, 2022, and has charged fees since August 10, 2023. In Chongqing, Apollo Go has begun to charge fees for the autonomous ride-hailing services on open roads since February 18, 2022, and started offering fully driverless ride-hailing services on open roads and started charging passengers for fully driverless ride-hailing services on open roads on August 8, 2022. In October 2024, Apollo Go achieved 100% fully driverless operations in Chongqing. In Wuhan, Apollo Go started offering fully driverless ride-hailing services on open roads and received the permits to collect fees from the passengers on August 8, 2022. On June 19, 2024, Apollo Go started offering 100% fully driverless operations in practically the entire Wuhan municipality. Apollo Go received permits to offer fully driverless ride-hailing services to the public in Shenzhen Pingshan in May 2023. In July 2023, Apollo Go was also granted permits to conduct fully driverless testing on open roads in Shanghai's Pudong area. Furthermore, in November 2024, Apollo Go was granted permits to conduct autonomous driving testing on public roads in Hong Kong, making Apollo Go the first and only of its kind to receive robotaxi testing authorization in the region. This marks Apollo Go's first entry into a left-hand traffic market.

Our strong brand and market leadership in autonomous driving has been carried over to intelligent driving. Apollo is a well-recognized brand among automakers. We have partnered with many domestic and global automakers to power their passenger vehicles with Baidu Apollo's auto solutions.

Xiaodu ranked No.1 in smart display shipments and smart speaker shipments in China for the first nine months of 2024, according to IDC. We believe these initiatives will strengthen our revenue drivers for long-term growth.

iQIYI produces, aggregates and distributes a wide variety of professionally produced content, as well as a broad spectrum of other video content, in a variety of formats.

We believe we have built a large and strong portfolio of products and services to give Baidu the scale necessary to invest heavily in technology, while optimizing our future for sustainable long-term growth. We derive significant synergies by incorporating the AI developed for search into other parts of our business. For example, large daily use of our visual search and voice search may be used to improve Apollo sensing capability and DuerOS speech recognition capabilities.

### **Summary of Risk Factors**

Investing in the Notes involves risks. You should consider carefully all of the information included or incorporated by reference in this offering memorandum before investing in the Notes. Below please find a summary of the principal risks we face related to the Notes. The risks are discussed more fully in the “Risk Factors” section of this offering memorandum. In addition, you should carefully consider the matters discussed under “Item 3. Key Information—D. Risk Factors,” “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements and related notes thereto in our 2023 Annual Report, which is incorporated by reference in this offering memorandum.

#### ***Risks Related to Our Business and Industry***

- Rising international political tensions, including changes in U.S. and international trade policies and investment related regulations, particularly with regard to China, may adversely impact our business and operating results.
- Our expansion into new geographical areas and jurisdictions involves inherent risks, which may adversely affect our business and results of operations.
- We may not be able to achieve the anticipated benefits of our recent acquisition of YY Live, and face other risks associated with the acquisition and the operation of YY Live.

#### ***Risks Related to Doing Business in China***

- Changes in China’s economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.
- Failure to meet the PRC government’s complex regulatory requirements on our business operation could have a material adverse effect on our operations and the value of our securities.

#### ***Risks Related to the Notes***

- The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries and consolidated affiliated entities.
- The indenture does not restrict the amount of additional debt that we may incur.
- The Notes will be effectively subordinated to any of our secured obligations to the extent of the value of the property securing those obligations.

### **Recent Developments**

#### ***Unaudited Fiscal Year 2024 Results***

On February 18, 2025, we announced the unaudited financial results of our company for the fiscal year ended December 31, 2024. While we experienced a slight decrease in total revenues and operating income for the year ended December 31, 2024, compared to 2023, net income attributable to Baidu increased year-over-year. Baidu Core’s total revenues and operating income increased slightly for the fiscal year ended December 31, 2024, compared to 2023. AI Cloud business has demonstrated strong growth momentum amid macroeconomic challenges,

offsetting the softness in online marketing business. The unaudited financial results of the Company for the fiscal year ended December 31, 2024 do not form a part of this offering memorandum. Investors are advised not to place undue reliance on such results.

### ***Share Repurchase***

We returned over US\$1 billion to our shareholders through share repurchases since January 1, 2024, bringing the cumulative repurchases to US\$1.7 billion under our 2023 share repurchase program.

### **Corporate Information**

Our company was incorporated in the Cayman Islands in January 2000. We conduct our business through our subsidiaries and variable interest entities. Our ADSs are currently traded on The Nasdaq Global Select Market under the symbol “BIDU” and our Class A ordinary shares are traded on the Main Board of the Hong Kong Stock Exchange under the stock codes “9888 (HKD Counter)” and “89888 (RMB Counter).”

Our principal executive offices are located at Baidu Campus, No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People’s Republic of China. Our telephone number at this address is +86 (10) 5992-8888. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other place as our board of directors may from time to time decide. Our corporate website is <https://ir.baidu.com>. The information contained on our website is not part of this offering memorandum.

### **No Material Adverse Change**

Except as disclosed in this offering memorandum, there has been no adverse change, nor any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2023 that has a material adverse effect on the Company.

## SUMMARY CONSOLIDATED FINANCIAL DATA

You should read the summary consolidated financial data below in conjunction with “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements and the related notes thereto in our 2023 Annual Report, which is incorporated by reference in this offering memorandum.

Our consolidated income statements data and our consolidated statements of cash flows data for the fiscal years ended December 31, 2021, 2022 and 2023, and our consolidated balance sheets data as of December 31, 2022 and 2023 have been derived from our audited consolidated financial statements for the relevant periods incorporated in this offering memorandum by reference to our 2023 Annual Report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate our results expected for any future period.

### Consolidated Income Statements Data

The following table sets forth a summary of our consolidated results of operations for the periods indicated. The period-to-period comparisons of results of operations should not be relied upon as indicative of future performance.

	For the Years Ended December 31,			
	2021	2022	2023	2023
	RMB	RMB	RMB	US\$
	(in millions)			
Revenues:				
Online marketing services .....	80,695	74,711	81,203	11,437
Others .....	43,798	48,964	53,395	7,521
<b>Total revenues .....</b>	<b>124,493</b>	<b>123,675</b>	<b>134,598</b>	<b>18,958</b>
Operating costs and expenses <sup>(1)</sup> :				
Cost of revenues .....	64,314	63,935	65,031	9,159
Selling, general and administrative .....	24,723	20,514	23,519	3,314
Research and development .....	24,938	23,315	24,192	3,407
<b>Total operating costs and expenses .....</b>	<b>113,975</b>	<b>107,764</b>	<b>112,742</b>	<b>15,880</b>
<b>Operating profit .....</b>	<b>10,518</b>	<b>15,911</b>	<b>21,856</b>	<b>3,078</b>
Other income (loss):				
Interest income .....	5,551	6,245	8,009	1,128
Interest expense .....	(3,421)	(2,913)	(3,248)	(457)
Foreign exchange gain (loss), net .....	100	(1,484)	595	84
Share of losses from equity method investments .....	(932)	(1,910)	(3,799)	(535)
Others, net .....	(1,038)	(5,737)	1,785	252
<b>Total other income (loss), net .....</b>	<b>260</b>	<b>(5,799)</b>	<b>3,342</b>	<b>472</b>
<b>Income before income taxes .....</b>	<b>10,778</b>	<b>10,112</b>	<b>25,198</b>	<b>3,550</b>
Income taxes .....	3,187	2,578	3,649	514
<b>Net income .....</b>	<b>7,591</b>	<b>7,534</b>	<b>21,549</b>	<b>3,036</b>
Less: net (loss) income attributable to noncontrolling interests .....	(2,635)	(25)	1,234	175
<b>Net income attributable to Baidu, Inc. ....</b>	<b>10,226</b>	<b>7,559</b>	<b>20,315</b>	<b>2,861</b>



For the Years Ended December 31,				
	2021	2022	2023	2023
	RMB	RMB	RMB	US\$
	(in millions)			
Earnings per share for Class A and Class B ordinary shares:				
Basic .....	3.58	2.50	6.98	0.98
Diluted .....	3.51	2.48	6.89	0.97
Earnings per ADS (1 ADS equals 8 Class A ordinary shares):				
Basic .....	28.64	20.02	55.83	7.86
Diluted .....	28.07	19.85	55.08	7.76
Weighted average number of Class A and Class B ordinary shares outstanding (in millions):				
Basic .....	2,758	2,782	2,807	2,807
Diluted .....	2,814	2,809	2,837	2,837

(1) Share-based compensation expenses are allocated in operating costs and expenses as follows:

Year ended December 31,				
	2021	2022	2023	
	RMB	RMB	RMB	US\$
	(in millions)			
Cost of revenues .....	399	409	590	83
Selling, general and administrative .....	1,840	1,750	1,678	236
Research and development .....	4,817	4,629	4,077	575
Total .....	7,056	6,788	6,345	894

## Segment Revenues

The following table sets forth our revenues by segment and the year-over-year change rate for the periods indicated, with each segment revenues including inter-segment revenues:

Year ended December 31,						
	2021	2022		2023		
	RMB	RMB	YoY%	RMB	US\$	YoY%
	(in millions, except percentages)					
<b>Baidu Core</b>						
Online marketing services .....	73,919	69,522	(6)	75,112	10,579	8
Cloud services .....	15,070	17,721	18	18,718	2,636	6
Others .....	6,174	8,188	33	9,635	1,358	18
<b>Subtotal</b> .....	<b>95,163</b>	<b>95,431</b>	<b>0</b>	<b>103,465</b>	<b>14,573</b>	<b>8</b>
<b>iQIYI</b>						
Online advertising services .....	7,067	5,332	(25)	6,224	877	17
Membership services .....	16,714	17,711	6	20,314	2,861	15
Content distribution .....	3,007	2,562	(15)	2,459	346	(4)
Others .....	3,766	3,393	(10)	2,876	405	(15)
<b>Subtotal</b> .....	<b>30,554</b>	<b>28,998</b>	<b>(5)</b>	<b>31,873</b>	<b>4,489</b>	<b>10</b>
<b>Intersegment eliminations</b> .....	<b>(1,224)</b>	<b>(754)</b>	<b>(38)</b>	<b>(740)</b>	<b>(104)</b>	<b>(2)</b>
<b>Total revenue</b> .....	<b>124,493</b>	<b>123,675</b>	<b>(1)</b>	<b>134,598</b>	<b>18,958</b>	<b>9</b>

## Consolidated Balance Sheets Data

	As of December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US\$
	(in millions)			
<b>Consolidated Balance Sheets Data:</b>				
Cash and cash equivalents	36,850	53,156	25,231	3,554
Restricted cash	10,821	11,330	11,503	1,620
Short-term investments, net	143,243	120,839	168,670	23,757
<b>Total assets</b>	<b>380,034</b>	<b>390,973</b>	<b>406,759</b>	<b>57,291</b>
Short-term loans	4,168	5,343	10,257	1,445
Long-term loans, current portion	2	—	2	—
Long-term loans	12,629	13,722	14,223	2,003
Notes payable, current portion	10,505	6,904	6,029	849
Notes payable	43,120	39,893	34,990	4,928
Convertible senior notes, current portion	—	8,305	2,802	395
Convertible senior notes	12,652	9,568	8,144	1,147
<b>Total liabilities</b>	<b>156,082</b>	<b>153,168</b>	<b>144,151</b>	<b>20,304</b>
<b>Total Baidu, Inc. shareholders' equity</b>	<b>211,459</b>	<b>223,478</b>	<b>243,626</b>	<b>34,314</b>

## Consolidated Statements of Cash Flows Data

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

	Year ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US\$
	(in millions)			
Net cash provided by operating activities	20,122	26,170	36,615	5,157
Net cash used in investing activities	(31,444)	(3,944)	(50,397)	(7,098)
Net cash provided by (used in) financing activities	23,396	(6,390)	(14,162)	(1,995)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(943)	1,729	282	40
Net increase (decrease) in cash, cash equivalents and restricted cash	11,131	17,565	(27,662)	(3,896)
Cash, cash equivalents and restricted cash at beginning of the year	36,540	47,671	65,236	9,188
Cash, cash equivalents and restricted cash at end of the year	47,671	65,236	37,574	5,292

## THE OFFERING

*The summary below describes the principal terms of the Notes. Certain of the terms described below are subject to important limitations and exceptions. The “Description of the Notes” and “Transfer Restrictions” sections of this offering memorandum contain a more detailed description of the terms of the Notes.*

<b>Issuer</b> .....	Baidu, Inc.
<b>Notes Offered</b> .....	CNY7,500,000,000 aggregate principal amount of 2.70% notes due 2030 (the “2030 Notes”) and CNY2,500,000,000 aggregate principal amount of 3.00% notes due 2035 (the “2035 Notes,” together with the 2030 Notes, the “Notes”).
<b>Issue Date</b> .....	March 12, 2025
<b>Maturity Dates</b> .....	The 2030 Notes will mature on March 12, 2030 and the 2035 Notes will mature on March 12, 2035.
<b>Interest Rates</b> .....	The 2030 Notes will bear interest at a rate of 2.70% per year and the 2035 Notes will bear interest at a rate of 3.00% per year.
<b>Interest Payment Dates</b> .....	March 12 and September 12, beginning on September 12, 2025. Interest will accrue from March 12, 2025.
<b>Optional Redemption</b> .....	<p>We may at our option redeem the 2030 Notes at any time prior to February 12, 2030 and the 2035 Notes at any time prior to December 12, 2034, in each case, in whole or in part, at a price equal to the greater of 100% of the principal amount of the Notes to be redeemed and the make whole amount plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to (but not including) the applicable redemption date. See “Description of the Notes—Optional Redemption.”</p> <p>In addition, we may at our option redeem the 2030 Notes at any time from or after February 12, 2030 and the 2035 Notes at any time from or after December 12, 2034, in each case, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to (but not including) the applicable redemption date. See “Description of the Notes—Optional Redemption.”</p>
<b>Repurchase Upon Triggering Event</b> .....	Upon the occurrence of a Triggering Event (as defined in “Description of the Notes”), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase. See “Description of the Notes—Repurchase Upon Triggering Event.”
<b>Ranking</b> .....	<p>The Notes will be our senior unsecured obligations and will:</p> <ul style="list-style-type: none"> <li>• rank senior in right of payment to all of our existing and future obligations expressly subordinated in right of payment to the Notes;</li> <li>• rank at least equal in right of payment with all of our existing and future unsecured unsubordinated obligations (subject to any priority rights pursuant to applicable law);</li> </ul>

	<ul style="list-style-type: none"> <li>• be effectively subordinated to all of our existing and future secured obligations, to the extent of the value of the assets serving a security therefor; and</li> <li>• be structurally subordinated to all existing and future obligations and other liabilities of our subsidiaries and consolidated affiliated entities.</li> </ul>
<b>Covenants</b> .....	<p>We will issue the Notes under an indenture with The Bank of New York Mellon, as trustee. The indenture will, among other things, limit our ability to incur liens and consolidate, merge, or sell all or substantially all of our assets.</p> <p>These covenants will be subject to a number of important exceptions and qualifications and the Notes and the indenture do not otherwise restrict or limit our ability to incur additional indebtedness or enter into transactions with, or to pay dividends or make other payments to, affiliates. For more details, see “<i>Description of the Notes.</i>”</p>
<b>Payment of Additional Amounts</b> ....	<p>All payments of principal, premium, and interest made by us in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future Taxes (as defined in “Description of the Notes—Payment of Additional Amounts”) imposed or levied by or within the British Virgin Islands, the Cayman Islands, the PRC, or any jurisdiction where we are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, including any political subdivision or any authority therein or thereof having power to tax), unless such withholding or deduction of such Taxes is required by law. If we are required to make such withholding or deduction, we will pay such additional amounts as will result in receipt by each holder of any Note of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, subject to certain exceptions. See “Description of the Notes—Payment of Additional Amounts.”</p>
<b>Tax Redemption</b> .....	<p>Each series of the Notes may be redeemed at any time, at our option, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the redemption date in the event we become obligated to pay additional amounts in respect of such Notes as a result of certain changes in tax law. See “Description of the Notes—Tax Redemption.”</p>
<b>Use of Proceeds</b> .....	<p>We plan to use the net proceeds from the sale of the Notes for repayment of certain existing indebtedness, payment of interest and general corporate purposes. See “Use of Proceeds.”</p>
<b>Denominations</b> .....	<p>The Notes will be issued in minimum denominations of CNY1,000,000 and integral multiples of CNY10,000 above that amount.</p>
<b>Form of Notes</b> .....	<p>The Notes will initially be represented by one or more global notes in registered form without interest coupons.</p> <p>The global notes will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator, or the</p>

CMU Operator, of the CMU, and will be exchangeable for definitive Notes in registered certificated form, or Certificated Notes, only in the circumstances set out therein. Except in the limited circumstances described in the global notes, owners of interests in the Notes represented by the global notes will not be entitled to receive Certificated Notes in respect of their individual holdings of the Notes. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV, or Euroclear, or Clearstream Banking S.A., or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator. See “Description of the Notes—Book-Entry; Delivery and Form.”

<b>Further Issuances</b> .....	We may, from time to time, without the consent of the holders of the Notes, create and issue additional Notes having the same terms and conditions as any series of the Notes in all respects (or in all respects except for the issue date, the issue price and the first payment of interest). Additional Notes issued in this manner will be consolidated with the previously outstanding Notes of the relevant series to constitute a single series of Notes of such series.
<b>Risk Factors</b> .....	You should consider carefully all the information set forth or incorporated by reference in this offering memorandum, in particular the risk factors set forth under the heading “Risk Factors” beginning on page 12 of this offering memorandum and the risk factors set forth in our Form 20-F for the fiscal year ended December 31, 2023 filed with the SEC on March 15, 2024, which is incorporated by reference in this offering memorandum, before investing in any of the Notes offered hereby.
<b>Listing</b> .....	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.
<b>Governing Law</b> .....	New York law.
<b>Transfer Restrictions</b> .....	The Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”
<b>Trustee</b> .....	The Bank of New York Mellon
<b>CMU Lodging and Paying Agent, Transfer Agent and Registrar</b> ....	The Bank of New York Mellon, Hong Kong Branch

## RISK FACTORS

*Investing in the Notes involves risks. You should consider carefully the risks described below, together with all of the other information included or incorporated by reference in this offering memorandum, including the risks and uncertainties discussed under “Item 3. Key Information—D. Risk Factors,” “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements and related notes thereto in our 2023 Annual Report, which is incorporated by reference in this offering memorandum, before investing in the Notes. Each of the risks described in such document and below could materially and adversely affect our business, financial condition, or results of operations. The selected risks described below or incorporated by reference in this offering memorandum, however, are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, or results of operations.*

### **Risks Related to Our Business and Industry**

***Rising international political tensions, including changes in U.S. and international trade policies and investment related regulations, particularly with regard to China, may adversely impact our business and operating results.***

The U.S. government has made statements and taken certain actions that may lead to changes in U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters.

We are closely monitoring potential changes in U.S. trade policy and assessing the potential impact of these and other trade policy changes on our business operations and financial performance. For example, during the 2024 U.S. presidential campaign, then-candidate Trump said he would impose tariffs as high as 60 percent on Chinese goods. In February 2025, the U.S. administration imposed a 10 percent duty on Chinese imports, and President Trump stated that tariff rates could increase further. Subsequently, authorities in China announced tariffs over select U.S. products and regulatory investigation against U.S. companies in response to the tariff imposed by the U.S. While cross-border business is not a primary area of focus for us, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, the competitive position of our products, or prevent us from selling products in certain countries. If any new tariffs, legislation and/or regulations are implemented, existing trade agreements are renegotiated or, in particular, the U.S. government takes further actions due to ongoing U.S.-China trade tensions, such changes could have an adverse effect on our business, financial condition, and results of operations.

In addition, we have been closely monitoring policies in the United States designed to restrict certain Chinese companies from supplying or operating in the U.S. market. These policies include the Clean Network project initiated by the U.S. Department of State in August 2020, the Executive Order on Protecting America’s Sensitive Data from Foreign Adversaries published in June 2021, and new authorities granted to the Department of Commerce to prohibit or restrict the use of certain information and communications technology and services from Chinese companies. Utilizing these new authorities, in January 2025, the Department of Commerce Bureau of Industry and Security (BIS) announced a final rule prohibiting transactions involving the sale or import of connected vehicles when the integrated software has a sufficient nexus to China. Additionally, the U.S. Department of Defense has included dozens of prominent Chinese companies on its list of “Chinese military companies” (CMC) that are “operating directly or indirectly in the United States” in accordance with Section 1260H of the National Defense Authorization Act. Furthermore, entities on the CMC list and their subsidiaries are currently prohibited from receiving contracts or other funding from the U.S. Department of Homeland Security. Effective June 30, 2026, entities on this list and their controlled affiliates will be prohibited from entering into contracts with the U.S. Department of Defense for the procurement of goods, services, or technology. As of June 30, 2027, the U.S. Department of Defense will be prohibited from purchasing goods or services produced or developed by entities on the list indirectly through third parties.

While a substantial majority of our business is conducted in mainland China, policies like these may deter U.S. users from accessing and/or using our search engine, apps and other products in the United States, which could adversely impact our user experience and reputation. Similarly, India has, since 2020, permanently banned a large number of apps, many of which are China-based (including our apps), based on national security concerns and escalating regional political and trade tensions. Such government measures, and potential subsequent developments, are beyond our control, and could have a negative effect on our business.

Likewise, we are monitoring policies in the United States aimed at restricting the export of items and technology subject to U.S. jurisdiction to Chinese companies. The United States and various foreign governments have imposed license requirements and restrictions on the export of technologies and products to China, or voiced the intention to do so. For instance, since 2022, the United States has imposed increasingly strict export control measures relating to exports of semiconductors to China. In October 2023, BIS promulgated two new rules that expanded export controls to cover a broader array of advanced semiconductors and semiconductor manufacturing equipment. The rules also introduced end-use controls for any company headquartered in China or whose ultimate parent is headquartered in China, and established new licensing requirements for additional countries. Similarly, in January 2025, BIS released an interim final rule that established licensing requirements for the export of advanced computing integrated circuits that facilitate advanced artificial intelligence (AI) research and development, as well as certain AI model technology. The rule prohibits the export of such items to any company headquartered in China or whose ultimate parent is located in China. These measures also restrict the ability of U.S. persons to provide “support” for semiconductor manufacturing and related activities in China and may seriously affect the ability of Chinese companies to purchase or obtain certain semiconductor manufacturing equipment or advanced chips. We have invested significant resources in the research and development of AI technology and expect this element to be a driver for our future growth. However, the introduction of a series of export control measures in recent years could potentially impose limitations on our access to advanced semiconductor technologies, which may hinder the process of the research and development of our AI technology and capabilities. As a result, our future business, operating results, and our financial performance may be materially and adversely affected.

The United States has also taken efforts to limit U.S. investment in China. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to prohibit U.S. investment in Chinese companies active in developing certain national security technologies, or the Outbound Investment Rule. The Outbound Investment Rule targets investments involving persons and entities associated with “countries of concern,” a designation currently limited to China. In effect since January 2025, the Outbound Investment Rule imposes investment prohibitions and notification requirements on a range of investments in companies engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum technologies, and (iii) artificial intelligence systems. Persons from countries of concern engaged in these activities are defined as “covered foreign persons.” Investments by U.S. persons subject to the Outbound Investment Rule include the acquisition of equity or a contingent equity interest, the provision of certain debt financing, the conversion of contingent equity interest into equity interest, involvement in a greenfield or brownfield investment, entrance into a joint venture, and the acquisition of a limited partner interest in non-U.S. pooled investment fund. Separately, the United States has also restricted U.S. persons from investing in publicly traded securities of Chinese Military-Industrial Complex companies identified by the Treasury Department.

Importantly, the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities listed on a national stock exchange. U.S. persons’ acquisitions of publicly traded securities, such as our ADSs, will therefore be exempted from the scope of covered transactions under the Outbound Investment Rule. But if we are deemed to be a covered foreign person engaged in the development of specified AI technologies and services, and therefore subject to the Outbound Investment Rule, our ability to raise capital or contingent equity capital from U.S. investors would be limited and could negatively affect our stock price. As a result, our financial condition, business, results of operations and prospects could also be adversely affected.

On February 21, 2025, the White House released the “America First Investment Policy” memorandum, or the Investment Policy, which outlined several initiatives to restrict investments involving China. While legislative and



regulatory actions are required to effect these proposed changes, the Investment Policy may expand enforcement against inbound investment from China to the United States by potentially implementing broader, sector-based restriction on PRC investments in the U.S., expanding CFIUS' jurisdiction over greenfield investment by Chinese companies, and replacing open-ended mitigation agreements with mitigation agreements prescribing specific timeframes and concrete actions. Additionally, the Investment Policy proposes to create restrictions on U.S. investments in China additional to those already imposed under the Outbound Investment Rule, by potentially expanding industry sectors covered in sectors by existing U.S. outbound investment regulations, supplementing outbound investment restrictions with sanctions, and directing a review to suspend or terminate the 1984 United States-The People's Republic of China Income Tax Convention. As the Investment Policy and its related legislative and regulatory proposals are still relatively new, it is unclear how these policies, and any future policies concerning investments between the U.S. and China, will be interpreted, amended and implemented by U.S. government authorities. These policies may restrict our ability to implement our investment strategy and could adversely affect our business and prospects.

Measures such as these could deter suppliers in the United States and/or other countries that impose export controls and other restrictions from providing technologies and products to, making investments in, or otherwise engaging in transactions with Chinese companies. As a result, Chinese companies may have to identify and secure alternative supplies or sources of financing, which they may not be able to do so in a timely manner and at commercially acceptable terms, or at all. In addition, Chinese companies may have to limit and reduce their research and development and other business activities, or cease conducting transactions, with parties in the United States and other countries that impose export controls or other restrictions. Like other Chinese companies, our business, financial condition and results of operations could be adversely affected as a result.

***Our expansion into new geographical areas and jurisdictions involves inherent risks, which may adversely affect our business and results of operations.***

Our expansion into new geographical areas and jurisdictions involves new risks and challenges associated with such new markets, such as obtaining permit to conduct test driving and further, commercial operation, of our intelligent driving services in these new geographical areas and jurisdictions. We may also need to adjust our pricing policies to adapt to local economic condition. Furthermore, our expansion into international markets will require us to respond timely and effectively to rapid changes in market conditions in the relevant countries and regions. Our success in international expansion partially depends on our ability to succeed in different legal, regulatory, economic, environmental, social, and political conditions which we have little control over. Our business operations in new geographical areas and jurisdictions may be disrupted by changes in local laws, regulations and policies. We cannot assure that we will be able to execute on our business strategy or that our product and service offerings will be successful in such markets.

***We may not be able to achieve the anticipated benefits of our recent acquisition of YY Live, and face other risks associated with the acquisition and the operation of YY Live.***

Baidu (Hong Kong) Limited, our wholly-owned subsidiary, entered into a share purchase agreement on November 16, 2020 with JOYY Inc. and certain of its affiliates, which are collectively referred to as JOYY, to acquire JOYY's domestic video-based entertainment live streaming business in China, known as YY Live, for an aggregate price of approximately US\$3.6 billion. In accordance with that agreement, as amended on February 7, 2021, which we refer to as the prior agreement, we paid US\$1.9 billion, after considering working capital adjustment of US\$0.1 billion, to JOYY and its designated escrow account, and deposited US\$1.6 billion into several escrow accounts in February 2021. The closing conditions provided for in the prior agreement, including the necessary regulatory approvals from government authorities, had not been fully satisfied as of the long stop date of December 31, 2023. On January 1, 2024, we exercised our right to terminate the prior agreement in accordance with its terms. After negotiation with JOYY on next steps following the termination, Baidu (Hong Kong) Limited entered into new agreements on February 25, 2025 with JOYY to acquire, and acquired, YY Live for an aggregate price of approximately US\$2.1 billion. As part of this transaction, the US\$1.6 billion that we deposited into escrow accounts in accordance with the prior agreement was fully released to us.

We can give no assurance that the acquisition of YY Live will bring the anticipated benefits and opportunities to us. With limited experience in operating the online live streaming business, we may not be able to successfully integrate YY Live into our existing business, and even assuming success in integration, there can be no assurance that the YY Live business will perform as intended, particularly in light of the underwhelming performance of the live streaming industry in recent years. If our integration or operation strategy is implemented ineffectively or if impacted by unforeseen negative economic or market conditions, we may not realize the full anticipated benefits of the acquisition of YY Live. Any failure to meet the challenges involved in realizing the anticipated benefits of the acquisition of YY Live may cause an interruption of, or a loss of momentum in, our activities and may materially and adversely affect our financial performance and results of operations. The acquisition and integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses and diversion of management's attention, and we may record impairment charges in connection therewith if the anticipated benefits of the acquisition fail to realize. For example, pending or threatened lawsuits and regulatory actions involving YY Live could subject us to liabilities and cause us to suffer significant losses. In addition, we cannot rule out the possibility that significant problems and liabilities could have failed to be identified or their extent could have failed to be fully appreciated by us prior to the closing of the acquisition, in which case we may suffer significant losses but we would have no or extremely limited indemnification rights against JOYY under the acquisition agreements. We are also facing challenges and potential penalty arising from not being in compliance with the regulatory approval requirements in relation to this acquisition. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Business and Industry—Any failure or perceived failure by us to comply with the enacted Guidelines to Anti-Monopoly in the Field of Internet Platforms and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations" in our 2023 Annual Report.

We would be subject to and may not be able to successfully manage a variety of additional risks associated with integrating YY Live with us. These risks include, but are not limited to:

- the online live streaming business is based on a relatively new business model in a relatively new market in which user demand may change or decrease substantially;
- challenges in the integration of operations and systems and in managing the expanded operations of a larger and more complex company;
- challenges in achieving anticipated business opportunities and growth prospects from integrating YY Live with the rest of our businesses;
- rules and measures governing online live streaming businesses and hosts, both in and outside of mainland China, are complex and evolving, and we may not be able to navigate such complex regulatory environment or to respond to future changes in regulatory environment in an effective and timely manner;
- we may face significant risks related to the content and communications on YY Live, as a majority of the communications on YY Live are conducted in real time, and we are unable to verify the sources of all information posted thereon or examine the content generated by users before it is posted;
- the revenue model for online live streaming may not remain effective, and we may not be able to retain existing users, attract new users, keep users engaged and attract more paying users;
- the live-streaming industry has faced challenges in recent years, which may adversely affect YY Live's operating and financial performance;
- we may be subject to liabilities arising from lawsuits and regulatory actions involving YY Live;
- we may not be able to retain or attract popular talents such as performers, channel managers, professional game players, commentators and hosts for our live streaming platform or these talents may fail to draw fans or participants; and

- unanticipated additional costs and expenses resulting from integrating into our business additional personnel, operations, products, services, technology, internal controls and financial reporting responsibilities.

## **Risks Related to Doing Business in China**

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

Most of our business operations are conducted in mainland China. Accordingly, our business, results of operations, financial condition and prospects are affected by economic, political and social conditions in China generally and by continued economic growth in China as a whole.

As a developing country, China’s economy differs from the economies of most developed countries in many respects, including level of development, growth rate, control of foreign exchange and allocation of resources. In recent decades, the PRC government has implemented a series of reform measures, including among others, emphasizing the utilization of market forces for economic reform and the establishment of improved corporate governance in business enterprises. Meanwhile, a considerable portion of productive assets in mainland China is still owned by the government. In addition, the PRC government also plays a certain role in regulating industry development and has extensive influence over China’s economic growth through allocating resources, foreign exchange control, and setting monetary and fiscal policy.

Although mainland China’s economy has grown significantly in the past decades, growth has been uneven, both geographically and among various sectors of the economy. Some of the government measures aim to benefit the overall Chinese economy, but may unexpectedly have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Some of the stimulus measures designed to boost the Chinese economy may unexpectedly cause higher inflation, which could adversely affect our results of operations and financial condition. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash and cash equivalents, restricted cash and short-term investments, high inflation could significantly reduce the value and purchasing power of these assets.

***Any failure to meet the PRC government’s complex regulatory requirements on our business operation could have a material adverse effect on our operations and the value of our securities.***

We conduct our business primarily through the variable interest entities and the variable interest entities’ subsidiaries in mainland China. The PRC government has significant oversight over the conduct of our business according to the laws and regulations of mainland China. However, since the PRC legal system continues to rapidly evolve and many laws and regulations are relatively new, the interpretation and enforcement of these laws, regulations and rules involve uncertainties. Any failure to meet the PRC government’s complex regulatory requirements due to such uncertainties could have a material adverse effect on our operation and/or the value of our listed securities. Also, the PRC government has recently promulgated certain regulations and rules to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, on July 6, 2021, the relevant PRC government authorities made public the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law, which emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by mainland China-based companies. On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines, which took effect on March 31, 2023. Pursuant to the Filing Rules, domestic companies that seek to offer or list their securities in an overseas market, whether directly or indirectly, are required to fulfill a filing procedure and report relevant information to the CSRC. On December 28, 2021, the CAC issued the Cybersecurity Review Measures, which require that network platform

operators holding over one million users' personal information are required to apply for a cybersecurity review with the Cybersecurity Review Office before any public offering in a foreign country. On September 14, 2024, the CAC also issued the Regulations on the Network Data Security, which provide that where network data processors carry out network data processing activities that have affected or may affect national security, they shall undergo a national security review in accordance with the relevant laws and regulations. Since the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law, the Filing Rules, the Cybersecurity Review Measures, and the Regulations on the Network Data Security are relatively new and remain unclear on how they will be interpreted, amended and implemented by the PRC government authorities, it remains uncertain whether we can obtain the specific regulatory approvals from, and complete the required filings with the CSRC, CAC or any other PRC government authorities for our future securities offering in a timely basis or at all. If we are unable to obtain such approvals or complete such filings, or such approvals or filings are rescinded even if obtained, our ability to continue to offer securities to investors will be significantly limited or completely hindered and the value of such securities may be significantly declined. In addition, implementation of industry-wide regulations directly targeting our operations could result in adverse effect on the value of our securities. Therefore, investors of our company and our business face potential uncertainty if we fail to meet the PRC government's regulatory requirements on our operation.

### **Risks Related to the Notes**

***The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries and consolidated affiliated entities.***

The Notes will not be guaranteed by any of our existing or future subsidiaries and consolidated affiliated entities, who together hold substantially all of our operating assets and conduct substantially all of our business. Our subsidiaries and consolidated affiliated entities will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan, or other payment. The Notes will be structurally subordinated to all indebtedness and other obligations of our subsidiaries and consolidated affiliated entities such that in the event of insolvency, liquidation, reorganization, dissolution, or other winding up of any of our subsidiaries or consolidated affiliated entities, all of that subsidiary's or consolidated affiliated entity's creditors (including trade creditors) and any holders of preferred stock or shares would be entitled to payment in full out of that subsidiary's or consolidated affiliated entity's assets before any remaining assets would be available to Baidu, Inc. to make payments due on the Notes.

In addition, the indenture governing the Notes will, subject to some limitations, permit these subsidiaries and consolidated affiliated entities to incur additional obligations and will not contain any limitation on the amount of indebtedness or other liabilities, such as trade payables, that may be incurred by these subsidiaries and consolidated affiliated entities.

***The indenture does not restrict the amount of additional debt that we may incur, and we may from time to time seek additional funding through debt or other types of financing.***

The Notes and the indenture under which the Notes will be issued do not limit the amount of unsecured debt that may be incurred by us or our subsidiaries or consolidated affiliated entities, and they permit us and certain of our subsidiaries and consolidated affiliated entities to incur secured debt without equally and ratably securing the Notes under specified circumstances.

After the completion of this offering, we and our subsidiaries and consolidated affiliated entities may from time to time obtain additional funding through debt or other types of financing. Our and our subsidiaries' and consolidated affiliated entities' incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes, a loss in the market value of your Notes and a risk that the credit rating of the Notes is lowered or withdrawn.

***The Notes will be effectively subordinated to any of our secured obligations to the extent of the value of the property securing those obligations.***

The Notes will not be secured by any of our assets (subject to “Description of the Notes—Limitation on Liens”). As a result, other than limited situations, the Notes will be effectively subordinated to our existing and future secured obligations with respect to the assets that secure those obligations. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our secured obligations, or in the event of our bankruptcy, insolvency, liquidation, dissolution, or reorganization, the proceeds from the sale of assets securing our secured obligations will be available to pay obligations on the Notes only after all such secured obligations have been paid in full. As a result, the holders of the Notes may receive less, ratably, than the holders of secured debt in the event of our bankruptcy, insolvency, liquidation, dissolution, or reorganization.

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

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

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

The definition of Triggering Event in the indenture that will govern the Notes includes a phrase relating to operating “substantially all” or deriving “substantially all” of the economic benefits from, the business operations conducted by us. There is no precise established definition of the phrase “substantially all” under New York law. Accordingly, the ability of a holder of the Notes to require us to repurchase its Notes as a result of a Triggering Event may be uncertain.

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

While the indenture and the Notes contain terms intended to provide protection to holders of the Notes upon the occurrence of certain events involving significant corporate transactions, these terms are limited and may not be sufficient to protect your investment in the Notes. In addition, certain important corporate events, such as merger or consolidation, sale of all or substantially all of the assets, liquidation or dissolution and leveraged recapitalizations, would not, under the indenture that will govern the Notes, constitute a Triggering Event that would require us to repurchase the Notes, even though those corporate events could adversely affect our capital structure, credit ratings or the value of the Notes. See “Description of the Notes—Repurchase Upon Triggering Event.”

The indenture for the Notes also does not:

- require us to maintain any financial ratios or specific levels of net worth, revenue, income, cash flows, or liquidity;
- limit our ability to incur obligations that are equal in right of payment to the Notes;
- restrict our subsidiaries’ or consolidated affiliated entities’ ability to issue unsecured securities or otherwise incur unsecured obligations that would be senior to our equity interests in our subsidiaries or consolidated affiliated entities and therefore rank effectively senior to the Notes;



- limit the ability of our subsidiaries or consolidated affiliated entities to service indebtedness;
- restrict our ability to repurchase or prepay any other of our securities or other obligations;
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our shares or other securities ranking junior to the Notes; or
- limit our ability to sell, merge, or consolidate any of our subsidiaries or consolidated affiliated entities.

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

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

The Notes are a new issue of securities for which there is currently no trading market. We will apply to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that the Notes will be or remain listed. Further, there can be no assurance that we will be able to obtain or maintain such listing or that an active trading market will develop. If no active trading market develops, you may not be able to resell your Notes at their fair market value, or at all. Future trading prices of the Notes will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. We have been advised that the initial purchasers intend to make a market in the Notes, but the initial purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. Therefore there can be no assurance that an active trading market for the Notes will develop or be sustained. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. In addition, the Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- our results of operations, financial condition, and future prospects;
- changes in our industry and competition;
- the market conditions for similar securities; and
- general economic conditions,

almost all of which are beyond our control. As a result, there can be no assurance that you will be able to resell the Notes at attractive prices or at all.

***Redemption may adversely affect your return on the Notes.***

We have the right to redeem some or all of the Notes prior to maturity. We may redeem the Notes at times when prevailing interest rates are relatively low. Accordingly, you may not be able to reinvest the amount received upon redemption in a comparable security at an effective interest rate as high as that of the Notes.

***Our credit ratings may not reflect all risks of your investments in the Notes.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

***There are restrictions on your ability to transfer or resell the Notes without registration under applicable securities laws.***

The Notes are being offered and sold pursuant to an exemption from registration under U.S. and applicable state securities laws. Therefore, holders of the Notes will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from the registration requirements of the U.S. and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See “Transfer Restrictions.” The Notes and the indenture governing the Notes will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available. It is the investors’ obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

***Our management will have considerable discretion as to the use of our net proceeds from this offering.***

Our management will have considerable discretion in the application of the net proceeds received by us. Although we intend to use the net proceeds from this offering for general corporate purposes, including repayment of certain existing indebtedness, you may not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase our share price.

***We are not obligated to pay additional amounts in the event withholding or deduction for taxes is imposed in any jurisdiction other than the Cayman Islands or the PRC.***

In the event that any withholding or deduction on account of any present or future taxes, duties, assessments or governmental charges levied on payments of principal, premium, if any, and interest made by us in respect of the Notes is imposed in any jurisdiction other than the Cayman Islands or the PRC, we are not obligated to pay additional amounts so that investors receive the same amount as they have received prior to such withholding or deduction. If we were considered by a taxing authority in any other jurisdiction to be a resident for tax purposes, payments on the Notes could be subject to withholding or deductions for taxes imposed by such jurisdiction and, in such case, holders of the Notes will only receive the net proceeds of any payment on the Notes after the applicable withholding or deduction.

While we do not believe we would currently be deemed to be a tax resident in any jurisdiction other than the Caymans Islands or the PRC, to the extent any taxing authority determined otherwise, the actual cash payments on the Notes received by holders may be substantially less than what holders would have received if we were liable to pay additional amounts in respect of the applicable withholding or deduction. See “Description of the Notes—Payment of Additional Amounts.”

***Our noteholders may be subject to PRC income tax on interest from us and gains on the transfer of the Notes.***

Under the Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and the jurisdiction of residence of a noteholder that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to interest from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of Notes by such non-PRC resident enterprise investors is not subject to PRC income tax if the Notes are regarded as movable properties and such gain is regarded as income derived from non-PRC sources. Under the PRC Individual Income Tax Law and its implementation rules, interest from PRC sources paid to foreign individual investors who are not PRC residents is generally subject to a PRC withholding tax at a rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties and similar arrangements and PRC laws. According to applicable individual income tax



regulations, if such investors transfer properties, other than immovable properties and equity interests of enterprises, outside of the PRC, the gains derived from such transfer are regarded as foreign sourced income and thus not subject to PRC individual income tax. If we are deemed a PRC resident enterprise, the interest that we pay with respect to our Notes would be treated as income derived from PRC sources and as a result be subject to PRC income tax while gains derived from the transfer of the Notes may not be subject to PRC income tax, if the Notes are regarded as movable properties and thus the gains derived from their transfer are income derived from non-PRC sources.

If we are required to withhold PRC tax from interest payments on the Notes, we will generally be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received had no such withholding been required. Under certain circumstances, we will have the option to redeem the Notes prior to their maturity as a result of certain changes in tax law that require us to pay any such additional amounts, and a holder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes.

If PRC income tax were imposed on interest paid to our non-PRC resident investors, it is unclear whether such investors would be able to claim the benefit of income tax treaties or agreements entered into between China and their jurisdiction of residence if they are not regarded as beneficial owners of the interest. In addition, the value of such investors' investment in our Notes may be materially and adversely affected. If we are required to pay additional amounts with respect to any PRC withholding tax, our cash flows will be adversely impacted.

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

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

There are regulations imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

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

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

All payments to investors in respect of the Notes will be made solely (i) for so long as the Notes are represented by one or more global notes registered in the name of, and lodged with a sub-custodian for or registered with the CMU or any

alternative clearing system, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures or (ii) for so long as the Notes are in definitive form, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. The Issuer is not required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

***PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries and the VIEs, or to make additional capital contributions to our PRC subsidiaries.***

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the registrations with the PRC State Administration for Market Regulation or its local branches, report to the PRC Ministry of Commerce or its local counterpart through the online enterprise registration system, and foreign exchange registration with qualified banks. SAFE regulations prohibit foreign-invested enterprises from using Renminbi funds converted from foreign exchange capital for the following purposes: (i) direct or indirect expenditure prohibited by relevant laws and regulations, (ii) directly or indirectly used for investment in securities investments or other investments in wealth management unless otherwise provided by relevant laws and regulations, subject to certain exceptions, (iii) providing loans to non-affiliated enterprises, except where it is expressly permitted in the business license, and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign invested real estate enterprises). In addition, SAFE continues to enhance its oversight of the flow and use of the Renminbi capital converted from foreign currency registered capital of a foreign-invested company. The various SAFE regulations may limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, and our PRC subsidiaries' ability to use such proceeds converted from foreign currency, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to any of the VIEs and their subsidiaries, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of the VIEs and their subsidiaries by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by the VIEs and their subsidiaries.

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

***Investment in the Notes may subject investors to foreign exchange related risks.***

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

## **USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately CNY9,985 million, after deducting the initial purchasers' fees and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from the offering for general corporate purposes, including repayment of certain existing indebtedness, payment of interest and general corporate purposes.

The foregoing represents our intentions as of the date of this offering memorandum with respect of the use and allocation of the net proceeds of this offering based upon our present plans and business conditions, but our management will have significant flexibility and discretion in applying the net proceeds of the offering. The occurrence of unforeseen events or changed business conditions may result in application of the proceeds of this offering in a manner other than as described in this offering memorandum.

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions and to the VIEs only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiaries or make additional capital contributions to our PRC subsidiaries to fund their capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Risk Factors—Risks Related to the Notes—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries and the VIEs, or to make additional capital contributions to our PRC subsidiaries.

## CAPITALIZATION

The following table sets forth our consolidated total capitalization as of December 31, 2023 on an actual basis and on an as adjusted basis to give effect to the issuance of Notes, before deducting the underwriting discounts, commission, and estimated expenses in this offering, as if the Notes were issued on that day.

This table should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the notes thereto in our 2023 Form 20-F, which is incorporated by reference in this offering memorandum.

	As of December 31, 2023			
	Actual		As Adjusted	
	RMB	US\$	RMB	US\$
	(in millions)			
Short-term loans . . . . .	10,257	1,445	10,257	1,445
Long-term loans . . . . .	14,225	2,003	14,225	2,003
Notes payable . . . . .	41,019	5,777	41,019	5,777
Convertible senior notes . . . . .	10,946	1,542	10,946	1,542
Notes offered hereby . . . . .	—	—	10,000	1,408
Total debt . . . . .	76,447	10,767	86,447	12,175
Total equity <sup>(1)</sup> . . . . .	253,143	35,654	253,143	35,654
Total capitalization <sup>(2)</sup> . . . . .	329,590	46,421	339,590	47,829

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- (1) Total equity includes shareholders' equity pertaining to our shareholders plus shareholders' equity pertaining to the non-controlling interests in our subsidiaries.
- (2) Total capitalization is the sum of total debt and total equity. After the completion of this offering, we may incur additional debt in the regular course of our business which may materially affect our total indebtedness as provided in this table.

Except as disclosed in this offering memorandum, there has been no material adverse change to the capitalization and indebtedness of the Company since December 31, 2023.

## **DIVIDEND POLICY**

Baidu, Inc., our holding company in the Cayman Islands, has never declared or paid any dividends on our ordinary shares, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion as to whether to distribute dividends, subject to Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount of our dividends will depend upon our future operations and earnings, capital requirements and surplus, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. If we pay any dividends, our depositary will distribute such dividends to our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

## DESCRIPTION OF OTHER INDEBTEDNESS

In June 2015, we issued an aggregate of US\$500 million senior unsecured notes due in 2025, or the 2025 Ten-year Notes, with stated annual interest rate of 4.125%. The net proceeds from the sale of the notes were used for general corporate purposes. As of December 31, 2023, the total carrying value and estimated fair value were US\$500 million and US\$492 million, respectively, with respect to the 2025 Ten-year Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the 2025 Ten-year Notes. In 2023, we paid an aggregate of US\$21 million in interest payments related to the 2025 Ten-year Notes.

In July 2017, we issued an aggregate of US\$600 million senior unsecured notes due in 2027, or the 2027 Ten-year Notes, with stated annual interest rate of 3.625%. The net proceeds from the sale of the notes were used to repay existing indebtedness and for general corporate purposes. As of December 31, 2023, the total carrying value and estimated fair value were US\$600 million and US\$576 million, respectively, with respect to the 2027 Ten-year Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the notes. In 2023, we paid an aggregate of US\$22 million in interest payments related to the 2027 Ten-year Notes.

In March 2018, we issued an aggregate of US\$1.0 billion senior unsecured notes due in 2023, or the 2023 Notes, with stated annual interest rate of 3.875%, and an aggregate of US\$500 million senior unsecured notes due in 2028, or the 2028 March Notes, with stated annual interest rate of 4.375%. The net proceeds from the sale of the notes were used to repay existing indebtedness and for general corporate purposes. In September 2023, the 2023 Notes were fully repaid when they became due. As of December 31, 2023, the total carrying value and estimated fair value of the 2028 March Notes were US\$500 million and US\$491 million, respectively. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the 2028 March Notes. In 2023, we paid an aggregate of US\$61 million in interest payments related to these notes.

In November 2018, we issued an aggregate of US\$600 million senior unsecured notes due in 2024, or the 2024 November Notes, with stated annual interest rate of 4.375%, and an aggregate of US\$400 million senior unsecured notes due in 2028, or the 2028 November Notes, with stated annual interest rate of 4.875%. In December 2018, we issued an aggregate of US\$250 million senior unsecured notes due in 2024, or the 2024 December Notes, with stated annual interest rate of 4.375%, which constitute a further issuance of, and be fungible with and be consolidated and form a single series with the 2024 November Notes. The net proceeds from the sale of the notes were used to repay existing indebtedness and for general corporate purposes. As of December 31, 2023, the total carrying value and estimated fair value were US\$600 million and US\$596 million, respectively, with respect to the 2024 November Notes, US\$400 million and US\$400 million, respectively, with respect to the 2028 November Notes, and US\$250 million and US\$249 million, respectively, with respect to the 2024 December Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the notes. In 2023, we paid an aggregate of US\$57 million in interest payments related to these notes.

In April 2020, we issued an aggregate of US\$600 million senior unsecured notes due in 2025, or the 2025 Five-year Notes, with stated annual interest rate of 3.075%, and an aggregate of US\$400 million senior unsecured notes due in 2030, or the 2030 April Notes, with stated annual interest rate of 3.425%. The net proceeds from the sale of the notes were used to repay existing indebtedness and for general corporate purposes. As of December 31, 2023, the total carrying value and estimated fair value were US\$600 million and US\$583 million, respectively, with respect to the 2025 Five-Year Notes, US\$400 million and US\$363 million, respectively, with respect to the 2030 April Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the notes. In 2023, we paid an aggregate of US\$32 million in interest payments related to these notes.

In October 2020, we issued an aggregate of US\$650 million senior unsecured notes due in 2026, or the 2026 Notes, with stated annual interest rate of 1.720%, and an aggregate of US\$300 million senior unsecured notes due in 2030, or the 2030 October Notes, with stated annual interest rate of 2.375%. The net proceeds from the sale of the notes are to be used to repay existing indebtedness. As of December 31, 2023, the total carrying value and estimated fair value were US\$650 million and US\$603 million, respectively, with respect to the 2026 Notes, and US\$300 million and US\$253 million, respectively, with respect to the 2030 October Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the notes. In 2023, we paid an aggregate of US\$18 million in interest payments related to these notes.

In April 2021, we entered into a five-year US\$3.0 billion term and revolving facilities agreement with a group of 22 arrangers. The facilities consist of a US\$1.5 billion five-year bullet maturity term loan and a US\$1.5 billion five-year revolving facility. The facility was priced at 85 basis points over LIBOR and is intended for the general corporate purposes. In June 2021, we drew down US\$1.5 billion term loan and US\$500 million revolving loan under the facility commitment. In June 2023, the facilities were modified and priced at 93 basis points over SOFR (secured overnight financing rate). In connection with the drawdowns and the modification, we entered into and restructured the two interest rate swap agreements, pursuant to which each of the loans would be settled with a fixed annual interest rate of 1.71% during the respective terms of the loans.

In August 2021, we issued an aggregate of US\$300 million senior unsecured notes due in 2027, or the 2027 Five-year Notes, with stated annual interest rate of 1.625%, and an aggregate of US\$700 million senior unsecured notes due in 2031, or the 2031 Notes, with stated annual interest rate of 2.375%. The net proceeds from the sale of the notes are to be used for general corporate purposes, including repayment of certain existing indebtedness. As of December 31, 2023, the total carrying value and estimated fair value were US\$300 million and US\$272 million, respectively, with respect to the 2027 Five-year Notes, and US\$700 million and US\$578 million, respectively, with respect to the 2031 Notes. The estimated fair values were based on quoted prices for our publicly-traded debt securities as of December 31, 2023. We are not subject to any financial covenants or other significant restrictions under the notes. In 2023, we paid an aggregate of US\$22 million in interest payments related to these notes.

For details in relation to issuances of convertible notes conducted by our subsidiary, iQIYI, which remain outstanding as of December 31, 2023, please see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” in our 2023 Annual Report.

As of December 31, 2023, we also had short-term loans of RMB10.3 billion (US\$1.4 billion), which consisted of RMB denominated borrowings made by our subsidiaries from financial institutions in mainland China and were repayable within one year.

We intend to use a portion of the net proceeds of this offering, together with cash on hand, to repay certain existing indebtedness. See “Use of Proceeds.”



## DESCRIPTION OF THE NOTES

*The following description is only a summary of the material terms of the Notes and does not purport to be complete. The Notes will be issued under and governed by the indenture dated as of November 28, 2012, as supplemented by the eleventh supplemental indenture to be dated as of March 12, 2025 (as so supplemented, the “indenture”), between us, The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York with limited liability, as trustee (the “trustee”, which expression shall include its successor(s) appointed from time to time in connection with the Notes) and The Bank of New York Mellon, Hong Kong Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Hong Kong, as CMU Lodging and Paying Agent, the Transfer Agent and the Registrar for the Notes (collectively, the “Agents”, including any successor agent). The following description of certain material terms of the Notes is subject to, and is qualified in its entirety by reference to, the indenture, including definitions of specified terms used in the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a beneficial holder of the Notes. You may request copies of the indenture from us at our address under “Summary – Corporate Information.”*

*In this description, references to the “Company,” “we,” “us,” or “our” mean Baidu, Inc. only and do not include any of our Subsidiaries or Consolidated Affiliated Entities, unless the context otherwise requires.*

### General

The 2030 Notes and the 2035 Notes will each constitute a series of securities under the indenture. The 2030 Notes will initially be issued in an aggregate principal amount of CNY7,500,000,000 and will mature on March 12, 2030, and the 2035 Notes will initially be issued in an aggregate principal amount of CNY2,500,000,000 and will mature on March 12, 2035, unless the 2030 Notes or the 2035 Notes, as the case may be, are redeemed prior to their maturity pursuant to the indenture and the terms thereof. The 2030 Notes will bear interest at the rate of 2.70% per annum and the 2035 Notes will bear interest at the rate of 3.00% per annum. Interest on the Notes will accrue from March 12, 2025 and will be payable semi-annually in arrears on March 12 and September 12 of each year, beginning on September 12, 2025, to the persons in whose names the Notes are registered at the close of business on the Clearing System Business Day (as defined below) immediately preceding March 12 and September 12, respectively, which we refer to as the record dates. At maturity, the Notes are payable at their principal amount plus accrued and unpaid interest thereon. In any case where the payment of principal of, premium (if any) or interest on the Notes is due on a date that is not a Business Day (as defined under the heading “Optional Redemption” below), then payment of principal of, premium (if any) or interest on the Notes, as the case may be, shall be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date that is not a Business Day to such next succeeding Business Day. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

The Notes shall be denominated in minimum principal amounts of CNY1,000,000 and in integral multiples of CNY10,000 in excess thereof. The Notes will be issued in global registered form.

### Ranking

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

## Issuance of Additional Notes

We may, from time to time, without the consent of the holders of the Notes, create and issue additional Notes having the same terms and conditions as any series of the Notes in all respects (or in all respects except for the issue date, the issue price and the first payment of interest). Additional Notes issued in this manner will be consolidated with the previously outstanding Notes of the relevant series to constitute a single series of the Notes of such series.

## Optional Redemption

We may, upon giving not less than 30 nor more than 60 days' written notice to holders of the relevant series of the Notes (which notice shall be irrevocable), the Agents, the trustee and the CMU Lodging and Paying Agent, redeem the 2030 Notes at any time prior to February 12, 2030, and the 2035 Notes at any time prior to December 12, 2034, in each case, in whole or in part, at a redemption amount equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; and
- the make whole amount, which means the amount determined on the fifth Business Day before the redemption date equal to the sum of (i) the present value of the principal amount of the Notes to be redeemed, assuming a scheduled repayment thereof on the stated maturity date, plus (ii) the present value of the remaining scheduled payments of interest to and including the stated maturity date, in each case discounted to the redemption date on an annual basis (Actual/Actual (ICMA)) at the comparable Government Bond Rate plus 15 basis points in the case of the 2030 Notes and 15 basis points in the case of the 2035 Notes,

plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the applicable redemption date; provided that the principal amount of a Note remaining outstanding after redemption in part shall be CNY1,000,000 or an integral multiple of CNY10,000 in excess thereof.

In addition, we may, upon giving not less than 30 nor more than 60 days' written notice to holders of the relevant series of the Notes (which notice shall be irrevocable), the Agents and the trustee, redeem the 2030 Notes at any time from and after February 12, 2030, and the 2035 Notes at any time from or after December 12, 2034, in each case, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the applicable redemption date.

"Business Day" means a day other than (1) a Saturday, Sunday or (2) a day on which banking institutions or trust companies in The City of New York, Hong Kong or Beijing are authorized or obligated by law, regulation or executive order to remain closed.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of the Independent Investment Bank, a PRC Government Bond whose maturity is closest to the remaining term of the applicable Notes to be redeemed, or if such Independent Investment Bank in its discretion considers that such similar bond is not in issue, such other PRC Government Bond as such Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, any PRC Government Bond selected by such Independent Investment Bank, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the applicable Notes to be redeemed, if they were to be purchased at such price on the fifth Business Day prior to the date fixed for redemption or the date of accelerated payment, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (Hong Kong time) on such Business Day as determined by the Independent Investment Bank.

“Independent Investment Bank” means an investment bank of recognized standing that is a primary dealer in PRC Government Bonds, appointed by us.

“PRC Government Bond(s)” means any bond issued by the Central People’s Government of The People’s Republic of China.

The notice of redemption will be mailed at least 30 but not more than 60 days before the redemption date to the trustee, the Agents and each holder of record of the Notes to be redeemed at its registered address (or in the case of Global Notes, delivered to CMU). The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption date, the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. Unless we default in the payment of the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date. If less than all of the Notes of a series are to be redeemed, the Notes to be redeemed will be selected as follows: (i) if the Notes are held through CMU, by lot (by drawing) in accordance with the requirements of CMU, or (ii) if the Notes are not held through CMU, on a pro rata basis, by lot or in such other manner as the trustee deems appropriate in its sole discretion, unless otherwise required by law.

The trustee and the Agents shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the holders for any loss arising from any failure by it to do so. The trustee and Agents shall not be under any duty to determine, calculate or verify the redemption amount payable (including any make-whole amount) hereunder and will not be responsible to the holders for any loss arising from any failure by it to do so. The trustee will not be responsible for monitoring or informing holders of any public announcement by any rating agencies.

### **Repurchase Upon Triggering Event**

If a Triggering Event occurs, unless we have exercised our right to redeem the Notes of the relevant series as described under the heading “—Tax Redemption” or “—Optional Redemption”, we will be required to make an offer to repurchase all or, at the holder’s option, any part (equal to CNY1,000,000 or multiples of CNY10,000 in excess thereof), of each holder’s Notes pursuant to the offer described below (the “Triggering Event Offer”) on the terms set forth in the indenture and the Notes of the relevant series. In the Triggering Event Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the “Triggering Event Payment”).

Within 30 days following a Triggering Event, we will be required to mail a notice to holders of the Notes, with a copy to the trustee and Agents, describing the transaction or transactions that constitute the Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the “Triggering Event Payment Date”), pursuant to the procedures required by the Notes of the relevant series and described in such notice.

On the Triggering Event Payment Date, we will be required, to the extent lawful, to:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Triggering Event Offer;
- deposit with the CMU Lodging and Paying Agent one Business Day prior to the Triggering Event Payment Date an amount equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered at least three Business Days prior to the Triggering Event Payment Date; and
- deliver or cause to be delivered to the trustee the Notes properly accepted together with an officers’ certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by us.

The CMU Lodging and Paying Agent will be required to promptly mail, to each holder who properly tendered Notes, the purchase price for such Notes properly tendered, and the Registrar will be required to promptly

authenticate and mail (or cause to be transferred by book-entry) to each such holder a new Note in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of CNY1,000,000 or a multiple of CNY10,000 in excess thereof.

We will not be required to make a Triggering Event Offer upon a Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults its offer, we will be required to make a Triggering Event Offer treating the date of such termination or default as though it were the date of the Triggering Event.

We will comply with the requirements of Rule 14e-1 under the Exchange Act, to the extent applicable, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Triggering Event Offer provisions of the Notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Triggering Event Offer provisions of the Notes by virtue of any such conflict.

There can be no assurance that we will have sufficient funds available at the time of a Triggering Event to consummate a Triggering Event Offer for all Notes then outstanding (or all Notes properly tendered by the holders of such Notes) and pay the Triggering Event Payment. We may also be prohibited by terms of other indebtedness or agreements from repurchasing the Notes upon a Triggering Event, which would require us to repay the relevant indebtedness or terminate the relevant agreement before we can proceed with a Triggering Event Offer, and there can be no assurance that we will be able to effect such repayment or termination.

Neither the trustee nor the Agents shall be required to take any steps to ascertain whether a Triggering Event or any event which could lead to a Triggering Event has occurred or may occur. The trustee and the Agents shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company and shall not be responsible or liable to any person for any failure to do so. The trustee and Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

“Consolidated Affiliated Entity” of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under Accounting Standards Codification subtopic 810-10, Consolidation: Overall (including any changes, amendments or supplements thereto) or, if such Person prepares its financial statements in accordance with accounting principles other than U.S. GAAP, the equivalent of Accounting Standards Codification subtopic 810-10, Consolidation: Overall under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of ours.

“Controlled Entity” of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

“Group” means the Company and our Controlled Entities.

“Person” means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

“Preferred Shares,” as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

“Triggering Event” means (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (“Change in Law”) that results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in our consolidated financial statements for the most recent fiscal quarter and (y) we 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 our consolidated financial statements for the most recent fiscal quarter and (B) we have not furnished to the trustee, prior to the date that is twelve months after the date of the Change in Law, an opinion from an independent financial advisor or an independent legal counsel stating either (1) we are 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 our consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganization plan of ours) or (2) such Change in Law would not materially adversely affect our ability to make principal and interest payments on the Notes when due.

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

## **Tax Redemption**

Each series of the Notes may be redeemed at any time, at our option, in whole but not in part, upon notice as described below, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, if (i) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined below) (or, in the case of Additional Amounts payable by a successor Person to us, the applicable Successor Jurisdiction (as defined below)), or any change in the official application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the applicable series of Notes (or, in the case of Additional Amounts payable by a successor Person to us, the date on which such successor Person to us became such pursuant to the applicable provisions of the indenture) (a “Tax Change”), we or any such successor Person to us is, or would be, obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of such Notes and (ii) such obligation cannot be avoided by us or any such successor Person to us taking reasonable measures available to it, provided that changing our or such successor Person’s jurisdiction is not a reasonable measure for purposes of this section.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, we or any such successor Person to us shall deliver to the trustee (i) a notice of such redemption election, (ii) an opinion of an independent legal counsel or an opinion of an independent tax consultant to the effect that we or any such successor Person to us is, or would become, obligated to pay such Additional Amounts as the result of a Tax Change and



(iii) an officers' certificate from us or any such successor Person to us, stating that such amendment or change has occurred, describing the facts leading thereto and stating that such requirement cannot be avoided by us or any such successor Person to us taking reasonable measures available to it. The trustee shall be entitled to accept and rely conclusively on such officers' certificate, opinion of an independent legal counsel and opinion of an independent tax consultant as sufficient evidence of the satisfaction of the conditions precedent described above and the trustee will not be responsible for any loss or liability occasioned by acting in reliance on such officers' certificate, opinion of an independent legal counsel and opinion of an independent tax consultant.

Notice of redemption of the Notes as provided above shall be given to the holders, the trustee and the Agents not less than 30 nor more than 60 days prior to the date fixed for redemption; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we or any such successor Person to us would be required to pay Additional Amounts if a payment in respect of such Notes was then due. Notice having been given, the Notes of that series shall become due and payable on the date fixed for redemption and will be paid at the redemption price, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, at the place or places of payment and in the manner specified in that series of the Notes. From and after the redemption date, if moneys for the redemption of such Notes shall have been made available as provided in the indenture for redemption on the redemption date, the Notes of such series shall cease to bear interest, and the only right of the holders of such Notes shall be to receive payment of the redemption price and accrued and unpaid interest, if any, to, but not including, the date fixed for redemption.

### **Payment of Additional Amounts**

All payments of principal, premium and interest made by us in respect of the Notes of each series will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or within the British Virgin Islands, the Cayman Islands, the PRC or any jurisdiction where we are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, including any political subdivision or any authority therein or thereof having power to tax) (the "Relevant Jurisdiction"), unless such withholding or deduction of such Taxes is required by law. If we are required to make such withholding or deduction, we will pay such additional amounts ("Additional Amounts") as will result in receipt by each holder of any Note of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts shall be payable:

- (i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the holder or beneficial owner of a Note and the Relevant Jurisdiction other than merely holding such Note or receiving principal, premium (if any) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein);
- (ii) in respect of any Note presented for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any Note means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for;
- (iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner of a Note to comply with a timely request by us addressed to the holder or beneficial owner to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder;

- (iv) in respect of any Taxes imposed as a result of a Note being presented for payment (where presentation is required) in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (v) in respect of any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;
- (vi) to any holder of a Note that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof;
- (vii) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the U.S. Internal Revenue Code and U.S. Treasury regulations thereunder ("FATCA"), any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or guidance enacted or issued with respect thereto;
- (viii) any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note; or
- (ix) any combination of Taxes referred to in the preceding items (i) through (viii) above.

In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect thereto, at least 10 days prior to each date of payment of principal of, premium (if any) or interest on the Notes of any series, we will furnish to the trustee and the CMU Lodging and Paying Agent, if other than the trustee, an officers' certificate specifying the amount required to be withheld or deducted on such payments to such holders, certifying that we shall pay such amounts required to be withheld to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to each holder, and that we will pay to the trustee or such CMU Lodging and Paying Agent the Additional Amounts required to be paid; provided that no such officers' certificate will be required prior to any date of payment of principal of, premium (if any) or interest on the Notes of such series if there has been no change with respect to the matters set forth in a prior officers' certificate. The trustee and each CMU Lodging and Paying Agent shall be entitled to conclusively rely on the fact that any officers' certificate contemplated by this paragraph has not been furnished as evidence of the fact that no withholding or deduction for or on account of any Taxes is required. We covenant to indemnify the trustee and any CMU Lodging and Paying Agent for and to hold them harmless against any loss, liability or properly incurred expense without fraudulent activity, gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such officers' certificate furnished pursuant to this paragraph or on the fact that any officers' certificate contemplated by this paragraph has not been furnished.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the indenture, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the indenture.

The foregoing provisions shall apply in the same manner with respect to the jurisdiction in which any successor Person to us is organized or resident for tax purposes or any authority therein or thereof having the power to tax (a "Successor Jurisdiction"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

Our obligation to make payments of Additional Amounts under the terms and conditions described above will survive any termination, defeasance or discharge of the indenture.



## Open Market Purchases

We or any of our Controlled Entities may, in accordance with all applicable laws and regulations, at any time purchase the Notes issued under the indenture in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the indenture. The Notes so purchased, while held by or on behalf of us or any of our Controlled Entities, shall not be deemed to be outstanding for the purposes of determining whether the holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

## Modification and Waiver

The indenture contains provisions permitting us and the trustee, without the consent of the holders of a series of the Notes, to execute supplemental indentures for certain enumerated purposes in the indenture and, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes of such series then outstanding, to add, change, eliminate or modify in any way the provisions of the indenture or to change or modify in any manner the rights of the holders of the Notes. We and the trustee may not, however, without the consent of each holder of such series of Notes:

- (i) change the Stated Maturity of the principal of and premium, if any, or any installment of interest of any Note;
- (ii) reduce the principal amount of, payments of interest on or change the stated time for payment of interest on any Note;
- (iii) change any obligation of ours to pay Additional Amounts with respect to any Note;
- (iv) change the currency of payment of the principal of, premium (if any) or interest on any Note;
- (v) reduce the amount of the principal of an original issue discount security that would be due and payable upon a declaration of acceleration of the maturity thereof;
- (vi) impair the right to institute suit for the enforcement of any payment due on or with respect to any Note;
- (vii) reduce the above stated percentage of outstanding Notes necessary to modify or amend the indenture;
- (viii) reduce the percentage of the aggregate principal amount of outstanding Notes of that series necessary for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults;
- (ix) modify the provisions of the indenture with respect to modification and waiver;
- (x) amend, change or modify any provision of the indenture or the related definition affecting the ranking of any series of Notes in a manner which adversely affects the holders of such Notes; or
- (xi) reduce the amount of the premium payable upon the redemption or repurchase of any series of Notes or change the time at which any series of Notes may be redeemed or repurchased as described above under “—Tax Redemption,” “—Optional Redemption” or “—Repurchase Upon Triggering Event” whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except through amendments to the definition of “Triggering Event”).

The holders of not less than a majority in principal amount of the Notes of any series then outstanding may on behalf of all holders of the Notes of that series waive any existing or past Default or Event of Default and its

consequences under the indenture, except a continuing Default or Event of Default (i) in the payment of principal of, premium (if any) or interest on (or Additional Amount payable in respect of), the Notes of such series then outstanding, in which event the consent of all holders of the Notes of such series then outstanding affected thereby is required, or (ii) in respect of a covenant or provision which under the indenture cannot be modified or amended without the consent of the holder of each Note of such series then outstanding affected thereby. Any such waivers will be conclusive and binding on all holders of that series of Notes, whether or not they have given consent to such waivers, and on all future holders of such Notes, whether or not notation of such waivers is made upon such Notes. Any instrument given by or on behalf of any holder of a Note of that series in connection with any consent to any such waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Note.

Notwithstanding the foregoing, without the consent of any holder of the Notes, we and the trustee may amend the indenture and the Notes to, among other things:

(i) cure any ambiguity, omission, defect or inconsistency contained in the indenture; provided, however, that such amendment does not materially and adversely affect the rights of holders;

(ii) evidence the succession of another corporation to the Company, or successive successions, and the assumption by such successor of the covenants and obligations of the Company contained in the Notes of one or more series and in the indenture;

(iii) effect any changes to the indenture in a manner necessary to comply with the procedures of CMU or any applicable clearing system;

(iv) secure any series of Notes;

(v) add to the covenants and agreements of the Company, to be observed thereafter and during the period, if any, in the indenture, and to add Events of Default, in each case for the protection or benefit of the holders of all or any series of the Notes (and if such covenants, agreements and Events of Default are to be for the benefit of fewer than all series of Notes, stating that such covenants, agreements and Events of Default are expressly being included for the benefit of such series as shall be identified therein), or to surrender any right or power herein conferred upon the Company;

(vi) make any change in any series of Notes that does not adversely affect the legal rights under the indenture of any holder of such Notes in any material respect;

(vii) evidence and provide for the acceptance of an appointment under the indenture of a successor trustee; provided that the successor trustee is otherwise qualified and eligible to act as such under the terms thereof;

(viii) conform the text of the indenture or any series of the Notes to any provision of this “Description of Notes” to the extent that such provision in this offering memorandum was intended to be a verbatim recitation of a provision of the indenture or such series of the Notes as evidenced by an officers’ certificate;

(ix) make any amendment to the provisions of the indenture relating to the transfer and legending of Notes as permitted by the indenture, including, but not limited to, facilitating the issuance and administration of any series of the Notes or, if incurred in compliance with the indenture, additional Notes; provided, however, that (A) compliance with the indenture as so amended would not result in any series of the Notes being transferred in violation of the Securities Act or any applicable securities law and (B) such amendment does not materially and adversely affect the rights of holders to transfer Notes;

(x) change or eliminate any of the provisions of the indenture; provided that any such change or elimination shall become effective only when there is no outstanding Note of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision and as to which such supplemental indenture would apply;

(xi) add guarantors or co-obligors with respect to any series of Notes; and

(xii) establish the form and terms of Notes of any series as permitted under the indenture, or to provide for the issuance of additional Notes in accordance with the limitations set forth in the indenture, or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Notes of any series, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment, supplement or waiver under the indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the indenture becomes effective, we are required to give to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.

### **Payments for Consent**

We will not, and will not permit any of our Controlled Entities to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of the Notes of any series for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the Notes of such series unless such consideration is offered to be paid and is paid to all holders of the relevant series of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

### **Events of Default**

Under the terms of the indenture, each of the following constitutes an Event of Default for each series of the Notes:

- (i) failure to pay principal or premium in respect of any Notes of that series by the due date for such payment;
- (ii) failure to pay interest on any Notes of that series within 30 days after the due date for such payment;
- (iii) we default in the performance of or breach our obligations under the “—Consolidation, Merger and Sale of Assets” covenant;
- (iv) we default in the performance of or breach any covenant or agreement in the indenture or under the Notes of that series (other than a default specified in clause (i), (ii) or (iii) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the Notes of that series then outstanding;
- (v) (a) there occurs with respect to any of our indebtedness, whether such indebtedness now exists or shall hereafter be created, (A) an event of default that has resulted in the holder thereof declaring the principal of such indebtedness to be due and payable prior to its stated maturity or (B) a failure to make a payment of principal, interest or premium when due (after giving effect to the expiration of any applicable grace period therefor, a “Payment Default”) and (b) the outstanding principal amount of such indebtedness, together with the outstanding principal amount of any of our other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, is equal to or exceeds the greater of (x) US\$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of our Total Equity;
- (vi) one or more final judgments or orders for the payment of money are rendered against us and are not paid or discharged, and there is a period of 90 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against us (net of any amounts that our insurance carriers have paid or agreed to pay with respect thereto under applicable policies) to exceed the greater of (x) US\$100,000,000 (or

the Dollar Equivalent thereof) and (y) 2.5% of our Total Equity, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (vii) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of us or any of our Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (b) a decree or order adjudging us or any of our Principal Controlled Entities bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of us or any of our Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any of our Principal Controlled Entities or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days;
- (viii) the commencement by us or any of our Principal Controlled Entities of a voluntary case or proceeding under any applicable state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by us or any Principal Controlled Entity to the entry of a decree or order for relief in respect of us or any of our Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us or any Principal Controlled Entity, or the filing by us or any Principal Controlled Entity of a petition or answer or consent seeking reorganization or relief with respect to us or any of our Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or the consent by us or any Principal Controlled Entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of us or any of our Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the making by us or any of our Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by us or any of our Principal Controlled Entities in writing of our inability to pay our debts generally as they become due, or the taking of corporate action by us or any of our Principal Controlled Entities that resolves to commence any such action; and
- (ix) the Notes of that series or the indenture is or becomes or is claimed by us to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the indenture.

If an Event of Default (other than an Event of Default described in clauses (vii) and (viii) above) shall occur and be continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the Notes of that series then outstanding by written notice to the Company (and to the trustee if such notice is given by holders) as provided in the indenture may, and the trustee, upon written instructions from holders of at least 25% in aggregate principal amount of the Notes of that series then outstanding and subject to receipt of pre-funding, security and/or indemnity to its satisfaction, shall declare the unpaid principal amount of such Notes and any accrued and unpaid interest thereon (and any Additional Amount payable in respect thereof) to be due and payable immediately upon receipt of such notice. If an Event of Default in clause (v) above shall occur, the declaration of acceleration of the Notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (v) shall be remedied or cured by us or waived by the holders of the relevant indebtedness within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes of that series would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium (if any) or interest on the Notes of that series that became due solely because of the acceleration of the Notes of that series, have been cured or waived. If an Event of Default in clauses (vii) or (viii) above shall occur, the unpaid principal amount of all the Notes then outstanding and any accrued and unpaid interest thereon will automatically, and without any declaration or other action by the trustee or any holder of such Notes, become immediately due and payable. After a declaration of acceleration but before a judgment or

decree for payment of the money due has been obtained by the trustee, the holders of at least a majority in aggregate principal amount of the Notes of that series then outstanding may, under certain circumstances, waive all past defaults and rescind and annul such acceleration if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium, if any, or interest on such Notes that became due solely because of the acceleration of such Notes, have been cured or waived. For information as to waiver of defaults, see “—Modification and Waiver.”

Subject to the provisions of the indenture relating to the duties of the trustee, in case an Event of Default shall occur and be continuing, the trustee will be under no obligation to exercise any of the trusts or powers vested in it by the indenture or enforce any provisions of the indenture or the Notes at the request, order or direction of any of the holders of Notes, unless the requisite number of holders shall have instructed the trustee in writing and offered to the trustee pre-funding, security and/or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

Subject to certain provisions of the indenture, including those requiring pre-funding, security and/or indemnification of the trustee, the holders of a majority in aggregate principal amount of the Notes of a series then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the Notes.

Subject to certain restrictions of the indenture, no holder of any Note of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or the Notes, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such holder has previously given to the trustee written notice of a continuing Event of Default with respect to the Notes of that series, (ii) the holders of at least 25% in aggregate principal amount of the Notes of that series then outstanding have made written request to the trustee to institute such proceeding, (iii) such holder or holders have offered pre-funding, security and/or indemnity satisfactory to the trustee and (iv) the trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the Notes of that series then outstanding a written direction inconsistent with such request, within 60 days after such notice, request and offer. However, such limitations do not apply to a suit instituted by a holder of a Note for the enforcement of the right to receive payment of the principal of, premium (if any) or interest on such Note on or after the applicable due date specified in such Note.

### **Limitation on Liens**

So long as any Note remains outstanding, we will not create or have outstanding, and we will ensure that none of our Principal Controlled Entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) securing any Relevant Indebtedness or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of us or of any of our Principal Controlled Entities, without (i) at the same time or prior thereto securing or guaranteeing the Notes equally and ratably therewith or (ii) providing such other security or guarantee for the Notes as shall be approved by an act of the holders of each series of the Notes holding at least a majority of the principal amount of that series of the Notes then outstanding.

The foregoing restriction will not apply to:

- (i) any Lien arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;
- (ii) any Lien in respect of the obligations of any Person which becomes a Principal Controlled Entity or which merges with or into us or a Principal Controlled Entity after the date of the indenture which is in existence at the date on which it becomes a Principal Controlled Entity or merges with or into us or a Principal Controlled Entity; provided that any such Lien was not incurred in anticipation of such acquisition or of such Person becoming a Principal Controlled Entity or being merged with or into us or a Principal Controlled Entity;

- (iii) any Lien created or outstanding in favor of us;
- (iv) any Lien in respect of Relevant Indebtedness of us or any Principal Controlled Entity with respect to which we or such Principal Controlled Entity has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of us or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full);
- (v) any Lien created in connection with Relevant Indebtedness of us or any Principal Controlled Entity denominated in Chinese Renminbi and initially offered, marketed or issued primarily to Persons resident in China;
- (vi) any Lien created in connection with a project financed with, or created to secure, Non-recourse Obligations; or
- (vii) any Lien arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien permitted by the foregoing clause (ii), (v), (vi) or this clause (vii); provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding) and is not secured by any additional property or assets.

“Lien” means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

“Non-recourse Obligation” means indebtedness or other obligations substantially related to (1) the acquisition of assets not previously owned by us or any of our Controlled Entities or (2) the financing of a project involving the purchase, development, improvement or expansion of properties of ours or any of our Controlled Entities, as to which the obligee with respect to such indebtedness or obligation has no recourse to us or any of our Controlled Entities of ours or to our or any such Controlled Entity’s assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

### **NDRC Post-Issuance Filing**

The Company will notify the trustee in writing if it does not file or cause to be filed with the National Development and Reform Commission of the PRC (the “NDRC”) the requisite information or documents required to be filed with the NDRC in respect of the Notes within the relevant prescribed timeframe after the Closing Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective from February 10, 2023, and/or any applicable implementation rules, reports, certificates, approvals or guidelines as may be issued by the NDRC from time to time (the “NDRC Post-Issuance Filings”). Such notification to the trustee shall be made within 10 PRC Business Days after such failure to complete any of the NDRC Post-Issuance Filings.

The trustee shall have no obligation or duty to monitor or assist with and ensure the completion of the NDRC Post-Issuance Filings on or before the deadline referred to above or to verify the accuracy, validity, and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filings, or to translate or procure the translation into English of the documents in relation to or in connection with the NDRC Post-Issuance Filing, or to give notice to the Holders confirming the completion of the NDRC Post-Issuance Filing, and shall not be liable to the Company, the Holders or any other person for not doing so.

“PRC Business Day” means a day other than (1) a Saturday, Sunday or (2) a day on which banking institutions in China are authorized or obligated by law, regulation or executive order to remain closed.



## **Consolidation, Merger and Sale of Assets**

The indenture provides that we may not consolidate with or merge into any other Person in a transaction in which we are not the surviving entity, or convey, transfer or lease our properties and assets substantially as an entirety to, any Person unless:

(i) any Person formed by such consolidation or into which we are merged or to whom we have conveyed, transferred or leased our properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the British Virgin Islands, the Cayman Islands or Hong Kong and such Person expressly assumes by indentures supplemental to the indenture all of our obligations under the indenture and the Notes issued under the indenture, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes;

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) we have delivered to the trustee an officers' certificate and an opinion of independent legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indentures comply with the indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

## **Legal Defeasance and Covenant Defeasance**

The indenture will provide that we may at our option and at any time elect to have all of our obligations discharged with respect to the outstanding Notes of a series ("Legal Defeasance") except for:

(1) the rights of holders of the Notes of that series that are then outstanding to receive payments in respect of the principal of, or interest or premium on such Notes when such payments are due from the trust referred to below;

(2) our obligations with respect to the Notes of that series concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee for the Notes of that series, and our obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the indenture for the Notes of that series.

The indenture will provide that, we may, at our option and at any time, elect to have our obligations with respect to the outstanding Notes of a series released with respect to certain covenants (including our obligations under the headings "Consolidation, Merger and Sale of Assets" and "Payments for Consents") that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption "—Events of Default" will no longer constitute an Event of Default.

The indenture will also provide that, in order to exercise either Legal Defeasance or Covenant Defeasance:

(1) we must irrevocably deposit with the trustee (or its agent), in trust, for the benefit of the holders of all Notes of that series subject to Legal Defeasance or Covenant Defeasance, cash in CNY, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to



pay the principal of, or interest and premium on such notes that are then outstanding on the Stated Maturity or on the applicable redemption date, as the case may be, and we must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(2) no Default or Event of Default with respect to the Notes of that series must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(3) we must deliver to the trustee an officers' certificate stating that the deposit was not made by us with the intent of preferring the holders of Notes of that series over our other creditors with the intent of defeating, hindering, delaying or defrauding our creditors or others; and

(4) we must deliver to the trustee an officers' certificate and an opinion of independent legal counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect with respect to Notes of a series when:

(1) either:

(a) all Notes of that series that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to us, have been delivered to the Registrar for cancellation; or

(b) all Notes of that series that have not been delivered to the Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and we have irrevocably deposited or caused to be deposited with the trustee (or its agent) as trust funds in trust solely for the benefit of the holders of the Notes of such series, cash in CNY, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such Notes not delivered to the CMU Lodging and Paying Agent for cancellation for principal, premium and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default under the indenture has occurred and is continuing with respect to the Notes of that series on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which we are a party or by which we are bound;

(3) we have paid or caused to be paid all sums payable by us under the indenture with respect to the Notes of that series; and

(4) we have delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the Notes of that series at maturity or the redemption date, as the case may be.

In addition, we must deliver an officers' certificate and an opinion of independent legal counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

### **Certain Definitions**

"CMU" means the Central Moneymarkets Unit Service.

“CMU Lodging and Paying Agent” means The Bank of New York Mellon, Hong Kong Branch or its successor as CMU lodging and paying Agent under the indenture.

“CMU Manual” means the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended and/or supplemented from time to time.

“CMU Member” means any member of the CMU.

“CMU Rules” means all requirements of the CMU for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such foreign currency involved in such computation into U.S. Dollars at the base rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“HKMA” means the Hong Kong Monetary Authority.

“holder” in relation to a Note, means the Person in whose name a Note is registered in the security register for the registration and the registration of transfer or of exchange of the Notes save that, for so long as such Notes are evidenced by a Global Note held by a subcustodian of the CMU, each person who is for the time being shown in the records of the CMU Operator as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by the CMU Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) and shall be treated by the Company, the trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other agents and the CMU Operator as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Notes, the right to which shall be vested, as against the Company, the trustee, the CMU Lodging and Paying Agent, the registrar, the transfer agent, the other agents and the CMU Operator, solely in the registered holder of the Global Note in accordance with and subject to its terms and the expressions; “holder of Notes” and related expressions shall (where appropriate) be construed accordingly.

“Non-listed Controlled Entities” means the Controlled Entities other than (i) any Controlled Entities with shares of common stock or other common equity interests listed on an internationally recognized stock exchange; and (ii) any Subsidiaries or Consolidated Affiliated Entities of any Controlled Entity referred to in clause (i) of this definition.

“Principal Controlled Entities” at any time shall mean one of our Non-listed Controlled Entities

- (i) as to which one or more of the following conditions is/are satisfied:
  - (a) its total revenue or (in the case of one of our Non-listed Controlled Entities which has one or more Non-listed Controlled Entities) consolidated total revenue attributable to us is at least 10% of our consolidated total revenue;

- (b) its net profit or (in the case of one of our Non-listed Controlled Entities which has one or more Non-listed Controlled Entities) consolidated net profit attributable to us (in each case before taxation and exceptional items) is at least 10% of our consolidated net profit (before taxation and exceptional items); or
- (c) its net assets or (in the case of one of our Non-listed Controlled Entities which has one or more Non-listed Controlled Entities) consolidated net assets attributable to us (in each case after deducting minority interests in Subsidiaries) are at least 10% of our consolidated net assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of our Non-listed Controlled Entity and our then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

- (1) in the case of a corporation or other business entity becoming a Non-listed Controlled Entity after the end of the financial period to which our latest consolidated audited accounts relate, the reference to our then latest consolidated audited accounts and our Non-listed Controlled Entities for the purposes of the calculation above shall, until our consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Non-listed Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of us and our Non-listed Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Non-listed Controlled Entity which itself has Non-listed Controlled Entities) of such Non-listed Controlled Entity in such accounts;
  - (2) if at any relevant time in relation to us or any Non-listed Controlled Entity which itself has Non-listed Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of us and/or any such Non-listed Controlled Entity shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of us;
  - (3) if at any relevant time in relation to any Non-listed Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Non-listed Controlled Entity prepared for this purpose by or on behalf of us; and
  - (4) if the accounts of any Non-listed Controlled Entity (not being a Non-listed Controlled Entity referred to in proviso (1) above) are not consolidated with our accounts, then the determination of whether or not such Non-listed Controlled Entity is a Principal Controlled Entity shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with our consolidated accounts (determined on the basis of the foregoing); or
- (ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An officers' certificate delivered to the trustee certifying in good faith as to whether or not a Non-listed Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error.

“Registrar” means The Bank of New York Mellon, Hong Kong Branch or its successor as registrar under the indenture.

“Transfer Agent” means The Bank of New York Mellon, Hong Kong Branch or its successor as transfer agent under the indenture.

“Total Equity,” as of any date, means the total equity attributable to our shareholders on a consolidated basis determined in accordance with U.S. GAAP, as shown on our consolidated balance sheet for the most recent fiscal quarter.

“U.S. GAAP” refers to generally accepted accounting principles in the United States of America.

### **No Sinking Fund**

The Notes will not be subject to, nor entitled to the benefit of, any sinking fund.

### **Book-Entry; Delivery and Form**

The Notes initially will be represented by one or more global notes in registered form (the “Global Notes”). The Global Notes will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the “CMU Operator”) of the Central Moneymarkets Unit Service (the “CMU”), and will be exchangeable for definitive Notes in registered certificated form (“Certificated Notes”) only in the circumstances set out therein.

Except in the limited circumstances described in the Global Notes, owners of interests in the Notes represented by the Global Notes will not be entitled to receive Certificated Notes in respect of their individual holdings of the Notes. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking S.A. (“Clearstream”), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU Operator.

Unless and until exchanged in whole or in part for Certificated Notes, each person who is for the time being shown in the records of the CMU Operator as the holder of a particular principal amount of Notes (each such person, an “account holder”), in which regard any certificate or other documents issued by the CMU Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes, and shall be treated by the Company, the trustee, the Registrar, the Transfer Agent, the CMU Lodging and Paying Agent and the CMU Operator as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Notes, the right to which shall be vested, as against the Company, the trustee, the Agents and the CMU Operator solely in the registered holder of the Global Notes in accordance with and subject to its terms. Notwithstanding the above, if the Global Notes are held by or on behalf of the CMU, any payments that are made in respect of the Notes evidenced by the Global Notes shall be made to the respective account holders. For so long as any of the Notes are represented by the Global Notes and the Global Notes are held with the CMU, any transfer of principal, premium (if any) and interest amounts of Notes shall be effected in accordance with the rules and procedures for the time being of the CMU Operator.

The Notes will be subject to certain restrictions on transfer and will bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of the CMU and its direct or indirect participants, which may change from time to time.

For so long as any of the Notes are represented by the Global Notes and the Global Notes are held on behalf of the CMU Operator, the CMU Lodging and Paying Agent will make payments of interest, premium (if any) or principal to the CMU Operator who will make payment to the person(s) at the close of business on the Clearing System Business Day before the due date for payment (each, a “CMU participant”) for whose account(s) a relevant interest in the Global Notes is credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Operator.

“Clearing System Business Day” means a day on which the CMU is operating and open for business.

Such payment made in accordance thereof shall discharge the Company's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants; and the trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the holders of the Notes, the Company, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Notes shall be required for such purpose.

### **Exchange of Global Notes for Certificated Notes**

A Global Note is exchangeable for Certificated Notes if:

(1) the CMU or any other clearing system selected by the Company and approved in writing by the trustee, the CMU Lodging and Paying Agent and the Registrar through which the Notes are held is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or (2) there has occurred and is continuing a Default with respect to the Notes and holders have requested Certificated Notes.

In all cases, Certificated Notes delivered in exchange for any Global Note will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

### **Exchange of Certificated Notes for Global Notes**

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Transfer Agent a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See "Transfer Restrictions."

### **Concerning the Trustee and the Agents**

The trustee under the indenture is The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York with limited liability. Pursuant to the indenture, The Bank of New York Mellon, Hong Kong Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Hong Kong at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong will be designated by us as the CMU Lodging and Paying Agent, the Transfer Agent and the Registrar for the Notes. The corporate trust office of the trustee is currently located at 240 Greenwich Street, New York, New York 10286, United States, Attention: Global Corporate Trust—Baidu, Inc.

The indenture provides that the trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth therein. If an Event of Default has occurred and is continuing, the trustee will exercise such of the rights and powers vested in it by the indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Bank of New York Mellon and The Bank of New York Mellon, Hong Kong Branch in its various capacities assumes no responsibility for the accuracy or completeness of the information concerning the Company or its affiliates or any other party referenced in this offering memorandum or for any failure by the Company or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

Whenever the trustee shall have discretion or permissive power in accordance with the indenture or the law, the trustee may decline to exercise the same in the absence of instructions by the holders and shall have no obligation to exercise the same unless it has received pre-funding, been indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses and liabilities which it may incur by so doing. The Bank of New York Mellon in its various capacities shall in no event be responsible for consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit).

Subject to the terms of the indenture, the trustee is permitted to engage in other transactions with the Company and its affiliates and can profit therefrom without being obliged to account for such profit; and the trustee shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and such other parties. The trustee may have interest in, or may be providing, or may in the future provide financial services to other parties.

### **No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator or stockholder of the Company will have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

### **Currency Indemnity**

To the fullest extent permitted by law, our obligations to any holder of Notes under the indenture or the applicable series of Notes, as the case may be, shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than CNY (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by such holder or the trustee, as the case may be, of any amount in the Judgment Currency, such holder or the trustee, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder or the trustee, as the case may be, in the Agreement Currency, we agree, as a separate obligation and notwithstanding such judgment, to pay the difference and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder, such holder or the trustee, as the case may be, agrees to pay to or for our account such excess, provided that such holder shall not have any obligation to pay any such excess as long as a default by us in our obligations under the indenture or the Notes of such series has occurred and is continuing, in which case such excess may be applied by such holder to such obligations.

### **Notices**

Notices to holders of Notes will be mailed to them (or the first named of joint holders) by first class mail (or, if first class mail is unavailable, by airmail) at their respective addresses in the register. Notices and other communications may also be sent via electronic means in accordance with the terms of the indenture.

So long as the Global Note is held on behalf of the CMU Operator, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the account holder shown in a CMU instrument position report issued by the CMU Operator on the business day preceding the date of dispatch of such notice as holding interests in the Global Note. Any such notice shall be deemed to have been given to the holders on the second business day on which such notice is delivered to the persons shown in the CMU instrument position report. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

**Governing Law and Consent to Jurisdiction**

The indenture and the Notes will be governed by and will be construed in accordance with the laws of the State of New York. We have agreed that any action arising out of or based upon the indenture may be instituted in any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York, and have irrevocably submitted to the non-exclusive jurisdiction of any such court in any such action. We have appointed C T Corporation System as our agent upon which process may be served in any such action. We have agreed that, to the extent that we are or become entitled to any sovereign or other immunity, we will waive such immunity in respect of our obligations under the indenture.



## TAXATION

*This summary is based on the laws of the Cayman Islands, Hong Kong and the PRC in effect on the date of this offering memorandum, which are subject to changes (or changes in interpretation), 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective investors are urged to consult their tax advisors regarding the tax consequences of owning and disposing of the Notes.*

### **Cayman Islands Taxation**

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands law, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporate, or capital gains tax and no estate duty, inheritance tax, or gift tax. No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

### **PRC Taxation**

The following is a summary of certain PRC tax consequences of the purchase, ownership, and disposition of Notes to non-resident enterprises and non-resident individuals. It is based upon applicable laws, rules, and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own, or dispose of the Notes 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 Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership, and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence, or domicile.

If we are considered a PRC resident enterprise under the PRC Enterprise Income Tax Law, holders of Notes that are non-resident enterprises may be subject to PRC withholding tax on interest paid by us or PRC enterprise income tax on any gains realized from the transfer of Notes, if such income is considered to be derived from sources within China, at a rate of 10% (or lower rate if available under an applicable tax treaty), provided that such non-resident enterprise investor (i) has no establishment or premises in China, or (ii) has an establishment or premises in China but its income derived from the PRC has no real connection with such establishment or premises. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay on the Notes or any gains realized from the transfer of Notes to be income derived from sources within China, such interest earned by non-resident individuals may be subject to PRC withholding tax and such gain realized by non-resident individuals may be subject to PRC individual income tax, in each case at a rate of 20% (or lower rate if available under an applicable tax treaty). However, if we are treated as a PRC resident enterprise, it is unclear whether in practice non-resident investors would be able to obtain the benefits of tax treaties between China and their countries. In addition, if we are considered a PRC resident enterprise under the PRC Enterprise Income Tax Law, interest payable by us to non-resident holders of the Notes may be subject to PRC value-added tax at a rate of 6% and related local levies, including educational surtax and urban maintenance and construction tax at a rate of up to 0.72%.

If we are not deemed a PRC resident enterprise, non-resident enterprise and non-resident individual holders of Notes will not be subject to PRC income tax on any payments of interest on, or gains from the transfer of, Notes.

## **Hong Kong Taxation**

The following summary contains a description of the principal tax laws of Hong Kong, as in effect on the date of this offering memorandum, and is subject to any change in the tax laws of Hong Kong that may come into effect after such date (which may have retroactive effect).

No Hong Kong tax will be required to be withheld from payments of principal or interest on the Notes.

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). Interests on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances: (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong; (ii) interest on the Notes 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 Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or 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 Notes 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 or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong, or the FSIE Amendments, certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FISE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FISE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

No Hong Kong stamp duty will be chargeable upon the issue or subsequent transfer of the Notes.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands because of the following benefits found there:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and
- with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

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

Substantially all of our current operations are conducted in China, and substantially all of our assets are located in China. We have appointed C T Corporation System, which is located at 28 Liberty Street, New York, NY 10005, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States in connection with this offering. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for an investor to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, and Han Kun Law Offices, our counsel as to PRC law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder (Hong Kong) LLP has advised us that there is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in the circumstances described below, recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. While there is no binding authority on this point, this is likely to include, in certain circumstances, a non-penal judgment of a United States court imposing a monetary award based on the civil liability provisions of the U.S. federal securities laws.

Maples and Calder (Hong Kong) LLP has further advised us that a judgment obtained in the United States will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the

merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (1) is given by a foreign court of competent jurisdiction; (2) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (3) is final; (4) is not in respect of taxes, a fine or a penalty; and (5) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. The Grand Court of the Cayman Islands may stay proceedings if concurrent proceedings are being brought elsewhere. Neither the United States or the PRC has a treaty with the Cayman Islands providing for reciprocal recognition and enforcement of judgments of courts of the United States or the PRC, respectively, in civil and commercial matters.

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

## PLAN OF DISTRIBUTION

CLSA Limited, China International Capital Corporation Hong Kong Securities Limited, Bank of China (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Bank of Communications Co., Ltd. Hong Kong Branch, Agricultural Bank of China Limited Hong Kong Branch, ABCI Capital Limited and Standard Chartered Bank (Hong Kong) Limited are the initial purchasers. Subject to the terms and conditions contained in the purchase agreement (the “Purchase Agreement”) dated March 5, 2025 between us and the initial purchasers, we have agreed to sell to each initial purchaser, and each initial purchaser has severally agreed to purchase from us, the principal amount of the Notes of each series set forth opposite its name below:

<u>Initial Purchasers</u>	<u>Principal Amount of the 2030 Notes</u>	<u>Principal Amount of the 2035 Notes</u>
CLSA Limited .....	CNY1,875,000,000	CNY625,000,000
China International Capital Corporation Hong Kong Securities Limited .....	CNY1,875,000,000	CNY625,000,000
Bank of China (Hong Kong) Limited .....	CNY937,500,000	CNY312,500,000
Industrial and Commercial Bank of China (Asia) Limited .....	CNY937,500,000	CNY312,500,000
China Minsheng Banking Corp., Ltd. Hong Kong Branch .....	CNY375,000,000	CNY125,000,000
Industrial Bank Co., Ltd. Hong Kong Branch .....	CNY375,000,000	CNY125,000,000
Bank of Communications Co., Ltd. Hong Kong Branch .....	CNY375,000,000	CNY125,000,000
Agricultural Bank of China Limited Hong Kong Branch .....	CNY187,500,000	CNY62,500,000
ABCI Capital Limited .....	CNY187,500,000	CNY62,500,000
Standard Chartered Bank (Hong Kong) Limited .....	CNY375,000,000	CNY125,000,000
<b>Total</b> .....	<b><u>CNY7,500,000,000</u></b>	<b><u>CNY2,500,000,000</u></b>

The initial purchasers are offering the Notes subject to their acceptance of the Notes from us, and subject to prior sale. The Purchase Agreement provides that the obligations of the initial purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The initial purchasers must purchase all the Notes if they purchase any of the Notes. The initial purchasers reserve the right to withdraw, cancel, or modify offers to investors and to reject orders in whole or in part.

The initial purchasers initially propose to offer part of the Notes of each series at the offering prices set forth on the cover page of this offering memorandum. After the initial offering of the Notes, the initial purchasers may from time to time vary the offering prices and other selling terms. The offering of the Notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchasers’ right to reject any order in whole or in part.

We have agreed that, for a period until 10 days after the date of closing (which is expected to be the fifth business day following the date of this offering memorandum), we will not, without the prior written consent of the initial purchasers, offer, sell, contract to sell, or otherwise dispose of any debt securities that are (i) issued or guaranteed by us, (ii) offered in reliance on Regulation S under the Securities Act and (iii) denominated in Renminbi. The initial purchasers in their sole discretion may consent to the offering and sale of such securities by us at any time without notice. We have also agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

## **Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct**

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the initial purchasers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any EU MiFID II product governance language or any UK MiFIR product governance language, if applicable, set out elsewhere in this offering memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those initial purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated initial purchaser(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;



- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: projectwulu@clsa.com, IB\_Project\_Wulu@cicc.com.cn, projectwulu@bochk.com, project.wulu@icbcasia.com, hkdcmm@cmbc.com.cn, cmd\_dcm@cibhk.com, dcm@bankcomm.com.hk, fmd.dcm@abchina.com, abcic.dcm@abci.com.hk and SYNHK@sc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The initial purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant initial purchaser with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the initial purchasers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “Person”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i)—(vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran,



North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "Sanctions Authority" means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

### **New Issue of Notes**

The Notes will constitute a new class of securities with no established trading market. Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

The initial purchasers (or their affiliates) may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids to the extent permitted by applicable laws and regulations. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

### **Other Relationships**

The initial purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advising, investment management, investment research, principal investment, hedging, financing, and brokerage activities. Certain of the initial purchasers and their respective affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory, commercial banking, and investment banking services, for us and our affiliates in the ordinary course of business for which they received or will receive customary fees and expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with the initial purchasers and their affiliates, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their account and for the accounts of their customers, and such investment and securities activities may involve our securities and/or instruments, our direct or indirect subsidiaries and our consolidated affiliated entities. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The initial purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

## **Selling Restrictions**

### ***General***

Neither the Issuer nor the initial purchasers makes any representation that any action has been or will be taken in any jurisdiction by the initial purchasers or the Issuer that would permit a public offering of the Notes, or possession or distribution of the preliminary offering memorandum or the offering memorandum (in proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each of the initial purchasers will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Notes or has in its possession or distributes the preliminary offering memorandum or the offering memorandum (in proof or final form) or any such other material, in all cases at its own expense. The initial purchasers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in, or which is consistent with, the offering memorandum (in final form) or any amendment or supplement to it.

### ***United States***

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefits of, U.S. persons except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold to non-U.S. persons in offshore transactions in compliance with and in reliance on Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. See “Transfer Restrictions.”

### ***European Economic Area***

#### ***Prohibition of Sales to EEA Retail Investors***

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***United Kingdom***

#### ***Prohibition of Sales to UK Retail Investors***

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or

- (b) 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 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 in the United Kingdom by virtue of the EUWA.

Each initial purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### ***Hong Kong***

Each initial purchaser has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each initial purchaser has agreed that it will not offer or sell any Notes, directly or indirectly, 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 organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***PRC***

This offering memorandum may not be circulated or distributed in China and the Notes may not be offered or sold, and will not be offered or sold, to any person for re-offering or resale, directly or indirectly, to any PRC resident.

### ***Singapore***

Each initial purchaser has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each initial purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### ***Canada***

The Notes may be sold only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### ***Cayman Islands***

No Notes will be offered or sold to the public in the Cayman Islands.

### ***British Virgin Islands***

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes (or beneficial interests therein).

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to non-U.S. persons in offshore transactions in accordance with Regulation S.

By its purchase of the Notes, each purchaser of the Notes will be deemed to have acknowledged, represented and/or agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. it represents and agrees that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a non-U.S. person outside the United States and purchasing the Notes in an offshore transaction in accordance with Regulation S;
2. it understands and acknowledges that the Notes are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below;
3. it agrees that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;
4. it understands that the Notes will be represented by the global note and that transfers thereto are restricted as described under “Description of the Notes—Book-Entry; Delivery and Form”;
5. it agrees that if it should resell, pledge or otherwise transfer any of the Notes represented by the global note or any beneficial interest in any of the Notes represented by the global note, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph (6) below;
6. it understands that each Note represented by a global note will bear a legend substantially to the following effect unless otherwise agreed by us (unless such Note has been sold pursuant to a registration statement that has been declared effective under the Securities Act):

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SUCH SECURITY, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER

THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.”;

7. it acknowledges that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Notes represented by a global note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Notes represented by a global note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture; and
8. it acknowledges that the Issuer, the Trustee or the agents, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer, the Trustee or the agents. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

## **LEGAL MATTERS**

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to legal matters of United States federal securities and New York state law, by Skadden, Arps, Slate, Meagher & Flom with respect to legal matters of Hong Kong law, by Maples and Calder (Hong Kong) LLP with respect to legal matters of Cayman Islands law, and by Han Kun Law Offices with respect to legal matters of PRC law. The initial purchasers are being represented by Davis Polk & Wardwell with respect to legal matters of United States federal securities and New York state law and by Jingtian & Gongcheng with respect to legal matters of PRC law. Skadden, Arps, Slate, Meagher & Flom LLP and Skadden, Arps, Slate, Meagher & Flom may rely upon Maples and Calder (Hong Kong) LLP with respect to legal matters governed by Cayman Islands law and Han Kun Law Offices with respect to legal matters governed by PRC law. Davis Polk & Wardwell may rely upon Jingtian & Gongcheng with respect to legal matters governed by PRC law.



## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The financial statements of Baidu, Inc. as of December 31, 2022 and 2023 and for each of the three years in the period ended December 31, 2023, incorporated by reference in the offering memorandum, have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as stated in their report thereon incorporated by reference herein.

The offices of Ernst & Young Hua Ming LLP are located at Level 16, Ernst & Young Tower, Tower E3, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing 100738, the People's Republic of China.