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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report. . . . . .

For the transition period from to

Commission file number: 001-39025

9F Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

Room 1607, Building No. 5, 5 West Laiguangying Road
Chaoyang District, Beijing 100012
People's Republic of China

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
American depositary shares, each representing one Class A ordinary share	JFU	The Nasdaq Global Market
Class A ordinary shares, par value US$0.00001 per share*		The Nasdaq Global Market*

*Not for trading, but only in connection with the listing on The Nasdaq Global Market of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2020, there were 203,510,681 ordinary shares outstanding, par value $0.00001 per share, being the sum of 142,348,281 Class A ordinary shares and 61,162,400 Class B ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☒

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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INTRODUCTION

Unless otherwise indicated and except where the context otherwise requires, references in this annual report to:

- "9F," "us," "our company," "our" and "we" are to 9F Inc., its subsidiaries and its consolidated affiliated entities and their respective subsidiaries, as the context requires;
- "active borrowers" are to, for a specified period, borrowers who made at least one borrowing transaction with us during that period;
- "ADSs" are to our American depositary shares, each of which represents one class A ordinary share;
- "China" or the "PRC" are to the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;
- "class A ordinary shares" are to our class A ordinary shares, par value US$0.00001 per share;
- "class B ordinary shares" are to our class B ordinary shares, par value US$0.00001 per share;
- "financial institution partners" are to financial institutions that provide insurance and guarantee services, as well as the institutional funding partners;
- "fixed income products" are to investments in the loans facilitated through online lending information intermediary services for peer-to-peer lending and borrowing that are subject to the applicable PRC laws and regulations;
- "institutional funding partners" are to banks and other institutions which have partnered with us on our direct lending program to fund loans originated to our borrowers;
- "loan origination volume" are to the total amount of loans originated to our borrowers, including the loan origination volume under our revolving loan products, non-revolving loan products and direct lending program during a given period. Loan origination volume for loans funded by institutional funding partners, regardless of its nature of revolving or non-revolving loans, are counted towards loan origination volume under our direct lending program;
- "merchant partners" are to the online merchants and offline merchants connected by our online platforms including the merchants connected through our *One Card*-linked China UnionPay payment channels;
- "ordinary shares" or "Ordinary Shares" are to our class A ordinary shares and class B ordinary shares, par value US$0.00001 per share;
- "RMB" and "Renminbi" are to the legal currency of China;
- "US$," "U.S. dollars," "$" and "dollars" are to the legal currency of the United States; and
- "VIEs" or "consolidated affiliated entities" are to Jiufu Shuke Technology Group Co., Ltd. ("Jiufu Shuke," formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd. and Jiufu Jinke Holdings Group Co., Ltd., successively), Beijing Puhui Lianyin Information Technology Co., Ltd. ("Beijing Puhui"), Zhuhai Huike Lianyin Technology Co., Ltd. ("Zhuhai Lianyin"), Beijing Yi Qi Mai Technology Co., Ltd. ("Yi Qi Mai," formerly known as Beijing Wu Kong Mao Technology Co., Ltd. and Beijing Chaoka Internet Technology Co., Ltd.) and Shenzhen Fuyuan Network Technology Co., Ltd. ("Shenzhen Fuyuan").

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that relate to our current expectations and views of future events. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigations Reform Act of 1995.

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

- our goals and strategies;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with users and other partners we collaborate with;
- our future business development, results of operations and financial condition;
- competition in our industries;
- relevant government policies and regulations governing our corporate structure, business and industries;
- general economic and business condition in China and elsewhere;
- the impact of the public health events (including COVID-19 pandemic) on our business operations, the industries we are operating in and the economy of China and elsewhere generally; and
- assumptions underlying or related to any of the foregoing.

You should read this annual report and the documents that we refer to in this annual report and have filed as exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect. Other sections of this annual report discuss factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible 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 materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our Selected Consolidated Financial Data

The following selected consolidated statements of operations data for the years ended December 31, 2018, 2019 and 2020, selected consolidated balance sheet data as of December 31, 2019 and 2020 and selected consolidated cash flow data for the years ended December 31, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our selected consolidated statements of operations data for the years ended December 31, 2016 and 2017, selected consolidated balance sheets data as of December 31, 2016, 2017 and 2018 and selected consolidated cash flow data for the years ended December 31, 2016 and 2017 have been derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

You should read the selected consolidated financial information in conjunction with our consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report. Our historical results are not necessarily indicative of our results expected for future periods.

	Years Ended December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands, except for per share data)					
Selected Consolidated Statements of Operations Data:						
Net revenues(4)						
Loan facilitation services	2,157,782	6,272,796	4,960,671	3,477,897	177,147	27,149
Post-origination services	41,313	256,916	367,439	604,732	859,102	131,663
Others	61,557	212,068	228,372	342,334	219,756	33,679
Total net revenues	**2,260,652**	**6,741,780**	**5,556,482**	**4,424,963**	**1,256,005**	**192,491**
Operating costs and expenses:						
Sales and marketing(1)	(1,168,416)	(2,243,723)	(1,746,375)	(2,343,428)	(343,056)	(52,576)
Origination and servicing(2)	(168,024)	(502,050)	(444,830)	(1,137,451)	(543,487)	(83,293)
General and administrative(3)	(494,902)	(3,073,575)	(1,159,746)	(1,155,747)	(1,303,833)	(199,821)
Reversal of (provision for) doubtful contract assets and receivables(4)	(32,740)	(1,881)	2,637	(2,148,638)	(347,803)	(53,303)
Total operating costs and expenses	**(1,864,082)**	**(5,821,229)**	**(3,348,314)**	**(6,785,264)**	**(2,538,179)**	**(388,993)**
Interest income	13,422	73,639	208,350	225,751	102,425	15,697
Impairment loss of investments	—	—	(23,140)	(154,898)	(462,490)	(70,880)
Impairment loss of goodwill	—	—	—	—	(50,291)	(7,707)
Impairment loss of intangible assets and property, equipment and software	—	—	—	—	(38,145)	(5,846)
Gain recognized on remeasurement of previously held equity interest in acquire	—	—	—	16,272	—	—
Net loss from disposal of subsidiaries	—	(8,135)	(257)	—	—	—
Other income net	7,719	25,429	25,608	52,852	39,112	5,994
Income (loss) before income tax expense and earnings (loss) in equity method investments	**417,711**	**1,011,484**	**2,418,729**	**(2,220,324)**	**(1,691,563)**	**(259,244)**
Income tax (expense) benefit	(271,132)	(352,432)	(402,403)	174,597	(538,322)	(82,501)
Earnings (loss) in equity method investments	15,047	64,701	(41,143)	(107,918)	(21,317)	(3,267)
Net Income (loss)	**161,626**	**723,753**	**1,975,183**	**(2,153,645)**	**(2,251,202)**	**(345,012)**
Net income (loss) attributable to the non-controlling interest shareholders	(5,588)	(126,049)	6,621	(5,931)	(7,693)	(1,179)
Net income (loss) attributable to 9F Inc.	**156,038**	**597,704**	**1,981,804**	**(2,159,576)**	**(2,258,895)**	**(346,191)**
Change in redemption value of preferred shares	—	(47,759)	(17,225)	(10,711)	—	—
Deemed dividend to preferred shareholders	—	(103,550)	—	—	—	—
Net income (loss) attributable to ordinary shareholders	**156,038**	**446,395**	**1,964,579**	**(2,170,287)**	**(2,258,895)**	**(346,191)**
Net income (loss) per ordinary shares						
Basic	1.15	3.23	10.57	(12.43)	(11.37)	(1.74)
Diluted	1.07	2.93	9.41	(12.43)	(11.37)	(1.74)
Weighted average number of ordinary shares used in computing net income (loss) per share						
Basic	123,901,800	124,413,700	162,672,800	174,552,468	198,596,879	198,596,879
Diluted	134,305,200	138,465,500	185,735,200	174,552,468	198,596,879	198,596,879
Net income (loss)	**161,626**	**723,753**	**1,975,183**	**(2,153,645)**	**(2,251,202)**	**(345,012)**
Other comprehensive income (loss)						
Foreign currency translation adjustment	17,372	(33,065)	84,430	12,126	(99,173)	(15,199)
Unrealized gains (losses) on available for sale investments, net of tax of nil	194	1,071	(1,146)	(99)	—	—
Total comprehensive income (loss)	**179,192**	**691,759**	**2,058,467**	**(2,141,618)**	**(2,350,375)**	**(360,211)**
Total comprehensive income (loss) attributable to the non-controlling interest shareholders	(5,588)	(126,049)	6,621	(5,931)	(7,693)	(1,179)
Total comprehensive income (loss) attributable to 9F Inc.	**173,604**	**565,710**	**2,065,088**	**(2,147,549)**	**(2,358,068)**	**(361,390)**

Notes:

(1) Sales and marketing expenses include services provided by related parties of RMB168.3 million, RMB417.1 million, RMB37.8 million, RMB42.8 million and RMB901 thousand (US$138 thousand) in 2016, 2017, 2018, 2019 and 2020, respectively.

(2) Origination and servicing expenses include services provided by related parties of RMB11.6 million, RMB81.8 million, RMB39.0 million, RMB15.1 million and RMB358 thousand (US$55 thousand) in 2016, 2017, 2018, 2019 and 2020, respectively.

(3) General and administrative expenses include share-based compensation of RMB110.4 million, RMB2,180.5 million, RMB508.2 million, RMB353.2 million and RMB290.6 million (US$44.5 million) in 2016, 2017, 2018, 2019 and 2020, respectively.

(4) The amount of total net revenues and reversal of (provision for) doubtful contract assets and receivables in 2019, as derived from our audited consolidated financial statements included in this annual report, reflect the impact of legal proceedings discussed in "Item 3. Key Information—D. Risk Factors" and "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information —Legal Proceedings."

The following table presents our selected consolidated balance sheet data as of the dates indicated.

	As of December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US$
				(in thousands)		
Selected Consolidated Balance Sheets Data:						
Assets						
Cash and cash equivalents	1,238,490	3,778,115	5,469,077	4,684,003	2,726,712	417,887
Restricted cash	146,129	671	—	125,437	390,702	59,878
Term deposits	-	700,000	833,478	24,000	133,761	20,500
Accounts receivable, net of allowance for doubtful accounts of RMB27,730, RMB29,611, RMB1,053, RMB1,433,449 and RMB1,446,994 (US$221,762) as of December 31, 2019 and 2020, respectively	81,048	300,058	180,141	280,995	40,862	6,262
Other receivables, net of allowance for doubtful accounts of RMB5,010, RMB5,010, RMB5,010, RMB36,773 and RMB17,396 (US$2,666) as of December 31, 2016, 2017, 2018, 2019 and 2020, respectively	184,029	91,428	146,438	117,340	126,745	19,425
Loan receivables, net of allowance for doubtful accounts of nil, nil, nil, RMB615,592 and RMB320,364 (US$49,098) as of December 2016, 2017, 2018, 2019 and 2020, respectively	84,770	126,200	593,943	778,480	267,383	40,978
Prepaid expenses and other assets	139,518	524,321	543,088	1,137,787	793,092	121,547
Long-term investments	152,028	509,736	954,158	775,644	738,272	113,145
Total Assets	**2,153,661**	**6,275,783**	**9,107,961**	**8,880,364**	**5,386,501**	**825,519**
Liabilities						
Deferred revenue	94,176	384,070	346,847	788,906	82,643	12,666
Income tax payable	301,219	463,977	315,868	320,350	255,244	39,118
Accrued expenses and other liabilities	500,600	795,447	745,307	1,229,110	726,686	111,370
Total Liabilities	**939,709**	**1,750,732**	**1,470,621**	**2,552,536**	**1,163,185**	**178,267**
Total Shareholders' Equity	**998,635**	**3,704,641**	**6,254,920**	**6,327,828**	**4,223,010**	**647,205**

The following table presents our selected consolidated cash flow data for the periods indicated:

	Year Ended December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US$
Selected Consolidated Cash Flow Data:						
Net cash provided by (used in) operating activities	413,972	2,865,590	2,345,892	(429,047)	(1,744,599)	(267,370)
Net cash (used in) provided by investing activities	(222,910)	(1,011,683)	(1,236,820)	(707,611)	39,466	6,048
Net cash provided by financing activities	701	563,360	545,886	471,978	12,896	1,976
Net increase (decrease) in cash, cash equivalents and restricted cash	204,499	2,394,167	1,690,291	(659,637)	1,692,026	(259,314)
Cash, cash equivalents and restricted cash at beginning of the year	1,180,120	1,384,619	3,778,786	5,469,077	4,809,440	737,079
Cash, cash equivalents and restricted cash at end of the year	1,384,619	3,778,786	5,469,077	4,809,440	3,117,414	477,765

We present our financial results in RMB. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.5250 to US$1.00, the noon buying rate as of December 31, 2020.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business and Industry

We operate in emerging and evolving industries, and our operations and products have been and may need to be modified in answering to the latest market trends, which makes it difficult to evaluate our future prospects.

The industries we are operating in are emerging and in general remain at relatively preliminary stages of development and may not continue to develop as rapidly as expected. The regulatory framework for the industries we operate in is also evolving and may remain uncertain for the foreseeable future. For example, we ceased the operation of our online lending information intermediary platform, *Jiufu Puhui*, partially because the developments in the overall online lending information intermediary industry. Furthermore, there are few established players with business models similar to ours in these industries. Potential users, financial institution partners and other partners we collaborate with may not be familiar with the industries we are operating in, and may not fully appreciate the value we add and may have difficulty distinguishing our products and services from those of our competitors.

Furthermore, our past growth rates may not be indicative of our future growth. For example, we ceased the operations of our online lending information intermediary business, and thus the historical growth we have achieved in such business may not be relied upon for evaluation of our future developments.

We are subject to risks in relation to our transition into an internet technology company that focuses on providing technology empowerment services to financing and consumption industries in China and overseas.

We are transitioning into an internet technology company that focuses on providing technology empowerment services to financing and consumption industries in China and overseas, which may consume huge resources of ours. The execution of our strategy for such transition may not be as smooth as we expect, and we may incur additional costs overcoming hurdles that may arise.

We may continue to introduce new products and services and make modifications to existing ones in response to or in anticipation of changes our industries' landscape, user needs or regulatory scheme. We may lack experiences on operating the business relating to new products and services. We also face competition from existing market players, which could result in low price competition. In addition, each of these new products and services, or modifications to existing ones calls for significant time and resource devotion of our management, which may have an adverse impact on our financial condition, while we cannot assure you that our attempts to make such new products and services, or modifications to existing ones will be successful, profitable or widely accepted by customers. Furthermore, as new products and services, or modifications to existing ones may materially change the way we conduct our business, they may render the projection of our future operations obsolete, and therefore our future prospects may be difficult to evaluate.

In addition, in connection with the introduction of new products and services or in response to general economic conditions, the performance of our existing business may be impacted by changes to the policies and qualifications made by us or our partners that are applicable to our existing products and services. It is therefore difficult to effectively assess our future prospects. You should consider our business and prospects in light of the risks and challenges we encounter or may encounter in this developing and rapidly evolving market. These risks and challenges include our ability to, among other things:

- navigate an evolving regulatory environment;
- expand the base of our users and partners we collaborate with;
- improve our operational efficiency;
- continue to scale our technology infrastructure to support the growth of our business;
- broaden our product and service offerings;
- operate without being adversely affected by the negative publicity about the industries in general and our company in particular, if any;
- maintain the security of our platform and the confidentiality of the information provided and utilized across our platforms;
- attract, retain and motivate talented employees to support our business growth;
- navigate economic condition and fluctuation;
- seek new business opportunities for future growth; and
- defend ourselves in litigation, and against regulatory, intellectual property, privacy or other claims.

We are subject to all risks and challenges inherent in developing business enterprises in emerging and evolving industries. If the industries do not develop as we expect, if we fail to educate users and partners about the value of our products and services, or if we fail to address the needs of our users and partners, or other risks and challenges, our business and results of operations will be materially and adversely affected.

In addition, there may exist uncertainty on the regulatory requirements in relation to the industries we operate in or plan to operate in and we cannot assure you that all of our business offerings will continue to be deemed in compliance with applicable laws and regulations in a fast-changing regulatory environment. For example, we are providing technology empowerment services to our partners operating in highly-regulated industries, which may subject us to additional regulatory compliance requirements. If any of our business offerings is deemed to be in violation of relevant applicable laws and regulations, our business, financial condition and prospects would be materially and adversely affected.

We changed our business operations, which may not be successful ultimately.

We ceased publishing information relating to new offering of investment opportunities in fixed income products for investors on our online lending information intermediary platform, *Jiufu Puhui*. We have entered into collaboration arrangements with certain licensed asset management companies, pursuant to which the investors' rights to existing loans will be transferred to those companies, with relevant repayment of the principals and investment income, as applicable, in relation to the fixed income products expected to be made by such asset management companies to the investors within 36 months in ways chosen by investors subject to terms and on the conditions set forth in the platform notice to the investors. After the change of business operations, *Jiufu Puhui* will no longer provide loan facilitation service, and licensed asset management companies and other third-party service providers will provide existing investors with services in relation to the return of their remaining investment in loans.

In connection with such efforts, we may experience a loss of continuity, loss of accumulated knowledge or loss of efficiency during the transitional period. Additionally, it is uncertain whether these efforts will eventually bring us benefits as we anticipated. If we fail to achieve some or all of the expected benefits of this business transformation, our competitive position, business, financial condition and results of operations could be materially and adversely affected.

Even if our business model transformation is implemented successfully as we planned, the actual costs incurred in this process may be substantially higher than we anticipated. There might also be other issues and negative consequences arising from our business transformation such as loss of user base, additional regulatory requirements, internal control issues, changes in employee structure as well as other unexpected consequences, any of which may have a material adverse effect on our competitive position, business, financial condition and results of operations.

We have incurred net losses and negative cash flow from operating activities, and may incur net losses and experience negative cash flow from operating activities in the future.

We incurred net losses of RMB2,153.6 million and RMB2,251.2 million (US$345.0 million) in 2019 and 2020, respectively, as compared to a net income of RMB1,975.2 million in 2018. The net cash used in operating activities was RMB429.0 million and RMB1,967.8 million (US$301.6 million) in 2019 and 2020, respectively, and the net cash provided by operating activities was RMB2,345.9 million in 2018.

Our future financial performance depends on, among other factors, our ability to continue to attract and retain users, our user acquisition cost, market competition, and our ability to provide technology empowerment services to better serve our partners. Accordingly, you should not rely on the revenues of any past interim period or annual period as an indication of our future performance. We may not be able to maintain the current fee rates due to more intense competition in the future. We also expect our costs to increase in future periods as we continue to develop new business, acquire new users and expand our business and operations. In addition, we will continue to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and to manage our expenses, we may not be able to recover from net losses in the future.

In addition, we may not be able to achieve profitability or generate positive cash flow from operating activities and, even if we achieve positive operating cash flows, it may not be sufficient to satisfy our anticipated capital expenditures and other cash needs. Further, we may not be able to fund our operating expenses and expenditures and may be unable to fulfill our financial obligations as they become due, which may result in voluntary or involuntary dissolution or liquidation proceedings and a total loss of your investment.

We do not hold any license or permit for providing securities brokerage business in China. Although we do not believe we engage in securities brokerage business in China, there remain uncertainties to the interpretation and implementation of relevant PRC laws and regulations.

Pursuant to the relevant PRC laws and regulations, no entity or individual shall engage in securities business without the approval of the securities regulatory authority of the State Council. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to the Engagement of Securities Business within the Territory of the PRC by Foreign-Invested Securities Companies.” We do not hold any license or permit in relation to providing securities brokerage business in China. A significant portion of our technology, research and development, management, supporting and other teams are based in China and a large number of our clients are PRC citizens. However, we do not believe the stock investment service offered by us is securities brokerage business in China. As of the date of this annual report, we have not received any inquiry relating to our stock investment services from regulatory authorities in China. However, there remain some uncertainties as to how the current and any future PRC laws and regulations will be interpreted or implemented in the context of operating securities related businesses in China. We cannot assure you that our current operations model will not be deemed as operating securities brokerage business in China, which may subject us to further inquiries or rectifications. If certain of our activities in China were deemed by relevant regulators as provision of securities brokerage services and investment consulting services in China, we will be required to obtain relevant licenses or permits from relevant regulatory bodies, including the China Securities Regulatory Commission, or the CSRC, and failure of obtaining such licenses or permits may subject us to regulatory actions and penalties, including fines, suspension of parts or all of our relevant offerings in the PRC. In such cases, our business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC governmental control of currency conversion, cross-border remittance and offshore investment could have a direct impact on the trading volume achieved on our platform. If the government further tightens restrictions on converting Renminbi to foreign currencies, including Hong Kong dollars and U.S. dollars, and/or deems our practice as in violation of PRC laws and regulations, our business will be materially and adversely affected.

A significant portion of our clients are Chinese nationals. We do not provide cross-border currency conversion services related to Renminbi to our clients, and we require those who would like to trade securities listed on the Hong Kong Stock Exchange or any major stock exchanges in the United States or purchase any wealth management products through our platform to deposit funding into their respective offshore trading accounts.

In addition, the PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, currency remittance out of the PRC. Since 2016, the PRC government has tightened its foreign exchange policies and stepped up its scrutiny of outbound capital movement. Under the current regulatory framework, Chinese nationals are limited to a foreign exchange quota of US$50,000 per year for approved uses only, such as tourism and education purposes, and Chinese nationals can only engage in offshore investments under capital items through provided methods such as Qualified Domestic Institutional Investors. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Offshore Stocks Investment.” If the government further tightens the amount of currency exchange allowed for Chinese nationals, increases the control over remittance of currency out of the PRC, and/or specifically prohibits any exchanges for securities-related investment, the trading activities of Chinese nationals on our platform could be restricted, which would significantly reduce the trading volume on our platform. As our revenues from brokerage commission income depends heavily on the total trading volume facilitated on our digital securities investment platform, the occurrence of any of the above regulatory changes may have a material and adverse impact on our brokerage and wealth management business.

In addition, under the existing regulations on offshore investment, approval from or registration with appropriate government authorities is required when Renminbi is to be converted into foreign currency for the purpose of offshore investment. As we do not provide cross-border currency conversion services related to Renminbi to our Chinese national clients, we do not require our clients to submit evidence of approval or registration from relevant authorities with respect to the foreign currency used for offshore investments. However, since the PRC authorities and the commercial banks designated by the SAFE to conduct foreign exchange services have significant amount of discretion in interpreting, implementing and enforcing the relevant foreign exchange rules and regulations, and for many other factors that are beyond our control and anticipation, we cannot assure you that our operations will not be deemed by relevant authorities as providing currency conversion service or otherwise violating relevant foreign exchange laws and regulations. In such cases, we may be asked to take additional and burdensome measures to monitor the source and use of the foreign currency funds in the accounts of our clients and verify evidence of approval obtained by our clients from relevant authorities, and we may also be subject to regular inspections from relevant authorities from time to time, warnings, correction orders, condemnation and fines, suspension or termination of certain of our operations. If such situations occur, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any future change in the regulatory and legal regime for the securities brokerage and wealth management industries may have a significant impact on our business model.

Securities brokerage and wealth management industries have been subject to an increasingly regulated environment over recent years, and penalties and fines sought by regulatory authorities have also increased. This regulatory and enforcement environment has created uncertainties with respect to various types of products and services that historically had been offered by us and that were generally believed to be permissible and appropriate. Legislative changes in rules promulgated by government agencies and self-regulatory organizations in various jurisdictions that oversee our businesses and changes in the interpretation or enforcement of existing laws and rules, such as the potential imposition of transaction taxes, may directly affect our model of operation and profitability.

We may from time to time be subject to claims, controversies, lawsuits and legal proceedings, which could have a material adverse effect on our results of operations, financial condition, liquidity, cash flows and reputation.

We may from time to time become subject to or involved in various claims, controversies, lawsuits, and legal proceedings. However, claims, lawsuits, and litigations are subject to inherent uncertainties, and we are uncertain whether the foregoing claim would develop into a lawsuit. Lawsuits and litigation may cause us to incur litigation costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Any unfavorable settlements or judgments against us could have a material adverse impact on our results of operations, financial condition, liquidity and cash flows. In addition, negative publicity regarding claims or judgments made against us may damage our reputation and may result in a material adverse impact on us.

We and PICC Property and Casualty Company Limited Guangdong Branch (the "PICC") are pursuing legal actions against each other. In May 2020, we commenced a legal proceeding against PICC by submitting a complaint with a local court in Beijing for contract non-performance under a cooperation agreement, as amended (the "Cooperation Agreement.") We, together with our legal counsel of the case has determined that PICC has breached its contractual obligations under the Cooperation Agreement for not paying service fees that were due to us. We are seeking payments of approximately RMB2.3 billion from PICC to cover the outstanding service fees and related late payment losses. After our legal action was filed against PICC, PICC filed a civil lawsuit against us at a local court in Guangzhou claiming that the second amendment under the Cooperation Agreement is invalid, and therefore PICC is not obligated to pay any outstanding service fees and that a portion of the service fees paid to us under the Cooperation Agreement plus accrued interest should be returned back to PICC. We will vigorously assert our rights against PICC and defend ourselves against any claims brought against us by PICC in these legal proceedings. However, both actions remain at the preliminary stage, and it is not possible at this stage to ascertain the outcome of either of the lawsuits. If we do not prevail in either of the lawsuits completely or in part, or fail to reach a favorable settlement with PICC, our results of operations, financial condition, liquidity and prospects would be materially and adversely affected. See "—Loss of or failure to maintain relationship with our partners or implement our strategy to develop new relationships with other potential partners may materially and adversely affect our business and results of operations." for other negative impacts.

Our business, financial condition and results of operations have been and are likely to continue to be materially and adversely affected by the outbreak of COVID-19.

The COVID-19 pandemic has resulted in, and may continue to result in, quarantines, travel restrictions, and the temporary closure of facilities in China and worldwide.

In connection with intensifying efforts to contain the spread of COVID-19, government authorities have taken a number of measures, which included quarantining individuals infected with or suspected of having COVID-19, restricting residents from travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. Consequently, our business, financial condition and results of operations have been and are likely to continue to be materially and adversely affected by the COVID-19 pandemic. For example, as a result of the slowdown in consumption activities, especially in leisure spending or outdoor entertainment, the demand for our services or services of our partners may in turn slowdown. The other effects include the temporary closure of our offices, quarantine of certain of our employees and restrictions on our employees' ability to travel. All of these would negatively affect our business operation, financial condition and results of operations. We have taken, and may continue to take, measures in response to the pandemic, including the adoption of modified operating hours, restrictions on the number of on-site employees, remote working arrangements and more stringent workplace sanitation measures, which may also have negative impact on our business operations. Even though China has made significant achievements in control and prevention of the COVID-19 pandemic, we cannot assure you that there will not be an outbreak in China again, and there is significant uncertainty relating to the severity of the near-term or long-term impact of the global COVID-19 pandemic on the demand of our products and services. The extent to which this pandemic impacts our business and financial performance will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the duration and severity of this outbreak and the actions taken by authorities and other entities to contain this outbreak or treat its impact, among others, all of which are beyond our control. In addition, we have established, and are actively expanding our operation in Southeast Asian countries. COVID-19 has caused significant disruptions to the economic development in Southeast Asian countries, which may weaken the debt repayment ability of borrowers of our lending business in these countries. Although our business operations in these countries are relatively small, and we have been actively pursuing technology empowerment strategies to enable our business partners and financial institutions in Southeast Asia, the developments surrounding COVID-19 could still negatively affect our future development in this region.

If we are not able to respond to changes in user preferences for our products and services and provide a satisfactory user experience, or our existing and new products and services do not maintain or achieve sufficient market acceptance, we will not be able to maintain and expand our user base and increase user activities, and our financial results and competitive position will be harmed.

We believe that our user base and partners network are the cornerstone of our business. Attracting new users and partners is critical to the continued success of our business. We strategically focus on serving the young generation and seek to cultivate user loyalty. Our ability to attract and retain users and partners largely depends on whether we can effectively address their needs. Moreover, we depend on our existing user base to cultivate user loyalty, grow with our users and offer them better products and services. Our ability to maintain and expand our user base depends on a number of factors, including our ability to develop other products and services, and our ability to provide relevant and timely products and services to meet changing user needs. We have devoted significant resources to, and will continue to emphasize on, upgrading and marketing our products and services. We also incur expenses and expend resources upfront to develop, acquire and market new products and services that incorporate additional features, improve functionality or otherwise make our products more desirable to our users and partners. New products must achieve high levels of market acceptance in order for us to recoup our investment in developing, acquiring and bringing them to market. If we fail to retain our existing users by offering products and services that cater to their evolving consumption needs, we may not be able to capture their long-term growth potential, and our business and results of operations may be adversely affected.

Furthermore, prior to the discontinuation of our online lending information intermediary business, our fixed income products constituted a significant portion of the online wealth management products we offered. Although we have been developing other online wealth management products and services, we cannot guarantee that they will, and will continuously, maintain and attract new investors. If the market acceptance of the online wealth management products offered by us, or such products in general, declines, and we fail to retain our investors by developing and promoting our other wealth management products as alternative investment portfolio options for investors, we may suffer a loss of our investor base, and our business, operating results and financial status will be adversely impacted.

Loss of or failure to maintain relationships with our partners or implement our strategy to develop new relationships with other potential partners may materially and adversely affect our business and results of operations.

We anticipate that we will continue to leverage relationships with existing partners to grow our business while pursuing new relationships with additional partners. For example, the success of our transition into an internet technology company depends on our ability to provide our partners with desirable and competitive technology empowerment services that captures both the core demand of our partners and the development directions of the industries they operate in. If we fail to cater to our partners' evolving needs, or fail to offer competitive services in a timely manner in answer to competition, we may not be able to retain our partners, and as a result our results of operations will be negatively and materially impacted.

Pursuing, establishing and maintaining relationships with partners require significant time and resources. Our current agreements with partners generally do not prohibit them from working with our competitors or from offering competing services. Our competitors may be more effective in providing incentives to our partners to favor their products or services, which may in turn make our products and services less attractive to our partners. In addition, certain partners may suspend or terminate its cooperation with us. Furthermore, certain types of partners may build their in-house solutions and devote more resources to support their own competing businesses. In addition, these partners may not perform as expected under our agreements with them, and we may have disagreements or disputes with them, which could adversely affect our brand and reputation. If we cannot successfully enter into and maintain effective relationships with partners, our business will be harmed.

In addition, if any of our partners decides to suspend or terminate its cooperation with us, or fails to perform properly, we cannot assure you that we will be able to find an alternative in a timely and cost-efficient manner or at all. Any of these occurrences could result in our diminished ability to operate our business, potential liability to our users and partners, inability to attract users and partners, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations and could negatively affect the value of your investment.

We may not be able to ensure the accuracy of the third-party product information and the authenticity of third-party wealth management products on our platform, and we have limited control over performance of investment products we market.

We offer other onshore and offshore investment products such as stock investments, insurance, bank wealth management products and fund investment products. Certain underlying wealth management products are offered by third-parties. The acceptance and popularity of our platform is partially premised on the reliability of the relevant underlying wealth management products and information on our platform. We rely on the relevant third-party providers of the relevant wealth management products for the authenticity of their underlying products and the comprehensiveness, accuracy and timeliness of the related financial information. While the products and information from these third-party providers have been generally reliable, there can be no assurance that the reliability can be maintained in the future. If these third-party providers or their agents provide inauthentic financial products or incomplete, misleading, inaccurate or fraudulent information, we may lose the trust of existing and prospective investors. In addition, if our investors purchase the underlying wealth management products that they find on our platform and they suffer losses, they may blame us and attempt to hold us responsible for their losses, even though we have made risk disclosures before they invest. Our reputation could be harmed and we could experience reduced user traffic to our platform, which would adversely affect our business and financial performance.

Furthermore, as investors access the underlying wealth management products through our platform, they may have the impression that we are at least partially responsible for the quality of these products. Although we have established standards to screen products providers before selling their products on our platform, we have limited control over performance of the investment products we distribute. In the event that an investor is dissatisfied with underlying products or the services of a product's provider, we do not have any means to directly make improvements in response to user complaints. If investors become dissatisfied with the underlying wealth management products available on our platform, our business, reputation, financial performance and prospects could be materially and adversely affected.

Fraudulent or illegal activities associated with our users and business partners could negatively impact our brand and reputation and cause the loss of users. As a result, our business may be materially and adversely affected.

We remain subject to the risk of fraudulent or illegal activities associated with our users and business partners. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraudulent or illegal activities. Significant increases in fraudulent or illegal activities could negatively impact our brand and reputation and therefore harm our operating and financial results. Any misbehavior of or violation by our users of applicable laws and regulations could lead to regulatory inquiries and investigations that involve us, which may affect our business operations and prospects. We might also incur higher costs than expected in order to take additional steps to reduce risks related to fraudulent and illegal activities. High-profile fraudulent or illegal activities could also lead to regulatory intervention, and may divert our management's attention and cause us to incur additional regulatory and litigation expenses and costs. Although we have not experienced any material business or reputational harm as a result of fraudulent or illegal activities in the past, we cannot rule out the possibility that any of the foregoing may occur causing harm to our business or reputation in the future. If any of the foregoing were to occur, our results of operations and financial conditions could be materially and adversely affected.

We face risks related to our "know-your-client" procedures when our clients provide outdated, inaccurate, false or misleading information.

We collect personal information during the account opening and registration process for our investment business. Although we require our clients to submit documents for proof of their identity and address for completing the account registration and to update such information from time to time, we face the risks that as the information provided by our clients may be outdated, inaccurate, false or misleading. Although we have appropriate ongoing monitoring procedures in place to keep customer information up to date pursuant to applicable regulatory requirements, we cannot fully verify the accuracy, currency and completeness of such information beyond reasonable effort. For example, a large number of our clients are holders of the PRC identity cards. As the PRC identity cards are usually effective for more than ten years or some may have no expiration term, some clients may have changed their domicile or citizenship during the terms of their PRC identity cards and therefore be subject to applicable laws and regulations of jurisdictions other than the PRC. In this situation, our provision of products and services to such clients could be in violation of the applicable laws and regulations in the jurisdictions where those clients reside, of which we may have no awareness until we are warned by the relevant supervising authorities. We could still be subject to certain legal or regulatory sanctions, fines or penalties, financial loss, or damage to our reputation resulting from such violations.

Misconduct, errors and failure to function by our employees and third-party service providers could harm our business and reputation.

We are exposed to many types of operational risks, including the risk of misconduct and errors by our employees and third-party service providers. Our business depends on our employees and third-party service providers to interact with our users and partners we collaborate with and process large numbers of transactions, both of which involve the use and disclosure of personal information. We could be materially adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. It is not always possible to identify and deter misconduct or errors by employees or third-party service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees or third-party service providers take, convert or misuse funds, documents or data or fail to follow protocol when interacting with users, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability.

Any failure by our third-party service providers to comply with applicable anti-money laundering and anti-terrorism financing laws and regulations could damage our reputation.

Currently, we rely on our third-party service providers to have their own appropriate anti-money laundering policies and procedures. If any of our third-party service providers fails to comply with applicable anti-money laundering laws and regulations, our reputation could suffer and we could become subject to regulatory intervention, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, the Administrative Measures for Anti-money Laundering and Counter-terrorism Financing by Internet Finance Service Agencies (for Trial Implementation) promulgated by relevant government authorities have imposed on us the obligation of anti-money laundering and anti-terrorism financing, including the verification of customer identification, the reporting of suspicious transactions, and the preservation of customer identification information and transaction records. While we have formulated and adopted policies and procedures, including internal controls and “know-your-customer” procedures, aimed at preventing money laundering and terrorism financing, we cannot assure you that the anti-money laundering and anti-terrorism financing policies and procedures we have adopted will be effective in protecting our platform from being exploited for money laundering or terrorism financing purposes or will be deemed to be in compliance with applicable anti-money laundering and anti-terrorism financing laws and regulations.

Any negative publicity with respect to us, the industries we are operating in in general and our partners may materially and adversely affect our business and results of operations.

Reputation of our brand is critical to our business and competitiveness. Factors that are vital to our reputation include but are not limited to our ability to:

- maintain the quality and reliability of our services;
- provide our users and partners with a superior experience;
- effectively manage and resolve user complaints; and
- effectively protect personal information and privacy of users.

Any malicious or negative allegation made by the media or other parties about the foregoing or other aspects of our company, including but not limited to our management, business, compliance with laws, financial condition or prospects, whether with merit or not, could severely compromise our reputation and harm our business and operating results.

As the industries we are operating in are new and the regulatory framework for these industries is also evolving, negative publicity about these industries may arise from time to time. Negative publicity about the industries we are operating in in general may also have a negative impact on our reputation, regardless of whether we have engaged in any inappropriate activities. Any players in the industries we are operating in who are not in compliance with applicable regulations may adversely impact the reputation of the industries as a whole.

In addition, negative publicity about our partners, outsourced service providers or other counterparties, such as any failure by them to adequately protect the information of our users, to comply with applicable laws and regulations or to otherwise meet required quality and service standards could harm our reputation. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected.

Our failure to compete effectively could adversely affect our results of operations and market share.

The industries we are operating in are competitive and evolving.

Our competitors may operate with different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to new regulatory, technological and other developments. Some of our current and potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their development. Our competitors may also have more extensive user bases, greater brand recognition and brand loyalty and broader partner relationships than us. Additionally, a current or potential competitor may acquire one or more of our existing competitors or form a strategic alliance with one or more of our competitors. Any of the foregoing could adversely affect our business, results of operations, financial condition and future growth. In addition, our competitors may be better at developing new products, responding faster to new technologies and undertaking more extensive marketing campaigns. When new competitors seek to enter our target market, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or terms prevalent in that market, which could adversely affect our market share or ability to exploit new market opportunities. Our pricing and terms could deteriorate if we fail to act to meet these competitive challenges. Furthermore, to the extent that our competitors are able to offer more attractive terms to our partners, such partners may choose to terminate their relationships with us.

In addition, the industries we are operating in are subject to rapid and significant technological changes. In order to compete in our industries and pursue our technology empowerment strategies, we need to continue to make significant investments in developing technologies across all areas of our business, such as artificial intelligence, information privacy security, and other emerging new technologies. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and ultimately may not be successful. If we are unable to compete effectively and meet the need for innovation in the industries we are operating in, the demand for our products and services could stagnate or substantially decline, we could experience reduced revenues or our platform could fail to achieve or maintain more widespread market acceptance, any of which could harm our business and results of operations.

If we fail to promote and maintain our brand in a cost-efficient way, we may lose market share and our revenue may decrease.

We believe that developing and maintaining the awareness of our brand is critical to achieving widespread acceptance of our products and services, gaining trust in our brand and attracting new users and partners. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts, the success of the channels we use to promote our platform, and the user experience we provide on our platform. Historically, our efforts to build our brand have incurred significant expense, and it is likely that our future marketing efforts will require us to incur significant additional marketing expenses. In 2018, 2019 and 2020, our sales and marketing expenses were RMB1,746.4 million, RMB2,278.3 million and RMB415.2 million (US$63.6 million), respectively. These brand promotion activities may not increase our revenues immediately or at all, and, even if they do, any revenue increases may not offset the expenses we incur to promote our brand. If we fail to successfully promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand image, we may lose our existing users to our competitors or be unable to attract new users, which may cause our revenue to decrease and negatively impact our business and results of operations.

If we fail to manage our growth effectively, our business may be materially and adversely affected.

Our growth has placed, and will continue to place, a significant strain on our management, personnel, systems and resources. Our success will depend in part on our ability to manage the growth we achieve effectively. To accommodate our growth, we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems. To accommodate our growth, we also need to continue to hire, train and manage new employees as needed. If our new hires perform poorly, or if we are unsuccessful in hiring, training, managing and integrating these new employees, or if we are not successful in retaining our existing employees, our business may be harmed. The addition of new employees and the system development that we anticipate will be necessary to manage our growth will increase our cost base, which will make it more difficult for us to offset any future revenue shortfalls by reducing expenses in the short term. If we fail to successfully manage our growth, we will be unable to execute our business plan.

Our ability to protect the confidential information of our users and our ability to conduct our business may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions and we may be subject to liabilities imposed by the relevant government regulations.

Our platform collects, stores and processes certain personal and other sensitive data from our users and partners. There are numerous laws governing privacy and the storage, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable and other confidential information is increasingly subject to legislation and regulations in numerous domestic and international jurisdictions. The regulatory framework for privacy protection in China, Hong Kong and worldwide is currently evolving and is likely to remain uncertain for the foreseeable future. We could be adversely affected if legislation or regulations in China, Hong Kong and elsewhere in the world where we have business operations are expanded to require changes in business practices or privacy policies, or if the relevant governmental authorities in China, Hong Kong and elsewhere in the world where we have business operations interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. For example, in November 2016, the Standing Committee of the National People's Congress released the Cyber Security Law, which took effect in June 2017. The Cyber Security Law requires network operators to perform certain functions related to internet security protection and the strengthening of network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure, including network operators of key information infrastructures in the finance industry, generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC and their purchase of network products and services that may affect national securities shall be subject to national cybersecurity review. Furthermore, the PRC governmental authorities issued a series of administrative rules and regulations to enhance the security of information collected and used by mobile apps. For instance, such rules and regulations provide, among others, that (i) app operators should collect and use personal information in compliance with the Cyber Security Law and should not collect and use personal information in violation of laws, regulations or breach of user agreements, (ii) app operators should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection, and (iii) app operators should not force their users to make authorization by means of bundling, suspending installation or in other default forms. The Civil Code promulgated in 2020 also provides specific provisions regarding the protection of personal information. See "Item 4. Information on the Company—B. Business Overview—Regulations— Regulations Related to Information Security, Censorship and Privacy — Regulations related to privacy protection." We are constantly in the process of evaluating the potential impact of the Cyber Security Law, the Civil Code, and other relevant laws and regulations on our current business practices. We plan to further strengthen our cyber-security measures with respect to information management and privacy protection of the user data stored in our system. We have not been subject to any material breaches of any of our cyber-security measures. However, we cannot assure you that the measures we have taken or will take are adequate under the Cyber Security Law, the Civil Code and other relevant laws and regulations. If further changes in our business practices are required under China's evolving regulatory framework for privacy protection, our business, financial condition and results of operations may be adversely affected. Furthermore, we use certain data collected from external data sources to verify the users' information in compliance with industry practice. In the event that the data collection and provision by any of our external data sources is considered in violation of the Cyber Security Law, the Civil Code or other relevant laws and regulations, we may not be able to use relevant data for our credit assessment and our business may be materially and adversely affected.

In addition to laws, regulations and other applicable rules regarding privacy and privacy advocacy, industry associations or other private parties may propose new and different privacy standards. Because the interpretation and application of privacy and data protection laws and privacy standards are still uncertain, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our practices. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, could result in additional cost and liability to us, damage our reputation, inhibit the use of our platform and harm our business.

The massive data that we have processed and stored makes us or the third-party service providers who host our servers a target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause, among other things, confidential user information to be stolen and used for criminal purposes, and could even result in misappropriation of funds of our users. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information and losses suffered by our users from the misappropriation of funds, time-consuming and expensive litigation and negative publicity. If security measures are breached because of any third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with users could be severely damaged, we could incur significant liability and our business and operations could be adversely affected.

In addition, we rely on the massive amount of data and user information that we have accumulated over time to conduct our business. If these data are lost due to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions, our business could be adversely affected.

Any significant disruption in our information technology systems, including events beyond our control, could prevent us from offering our products and services, thereby reducing the availability of our products and services and result in a loss of users.

In the event of a system outage and physical data loss, our ability to provide our products and services would be materially and adversely affected. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, user service, reputation and our ability to attract new and retain existing users. Our information technology systems infrastructure is currently deployed and our data is currently mainly maintained through third-party cloud computing services in China. Our operations depend on the service provider’s ability to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm our systems, criminal acts and similar events. Although historically we have not experienced any system outages resulting in material interruption to our services, we cannot assure you that such incidents will not occur in the future. Moreover, if our arrangement with the service provider is terminated or if there is a lapse of service or damage to their facilities, we could experience interruptions in our service as well as delays and additional expense in arranging service to users.

Any interruptions or delays in our service, whether as a result of third-party error, our error, natural disasters or security breaches, whether accidental or willful, could harm our relationships with our users and our reputation. We also may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing business operations, damage our brands and reputation, divert our employees’ attention, reduce our revenue, subject us to liability and cause users to abandon our products and services, any of which could adversely affect our business, financial condition and results of operations.

The offering of our products and services depends on the effective use of mobile operating systems and the efficient distribution through mobile app stores, which we do not control.

Our products and services are mainly offered through mobile apps. It is difficult to predict the problems we may encounter in developing applications for newly released devices and platforms, and we may need to devote significant resources to the development, support and maintenance of such applications. We are dependent on the interoperability of providing our products and services on popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the accessibility of our products and services or give preferential treatment to competing products and services could adversely affect the usability of our products and services on mobile devices. In addition, we rely upon third-party mobile app stores for users to download our mobile apps. As such, the promotion, distribution and operation of our mobile apps are subject to app stores' standard terms and policies for app developers.

Our future growth and results of operations could suffer if we experience difficulties in the future in offering our products and services through our apps in mobile devices or if problems arise with respect to our relationships with providers of mobile operating systems or mobile app stores, or if we have to incur increased costs to distribute or to have users access our apps on mobile devices. In the event that it is more difficult for our users to access and utilize our products and services on their mobile devices, or if our users choose not to access or use our products and services on their mobile devices or to use mobile operating systems that do not offer access to our products and services, our user growth could be harmed and our business and financial condition and operating results may be adversely affected.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Our system's infrastructure is currently deployed and our data is currently mainly maintained on third-party cloud computing services platform. Our cloud computing service provider may rely on a limited number of telecommunication service providers to provide it with data communications capacity through local telecommunications lines and internet data centers to host its servers. Such service provider may have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunication networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with increasing traffic. We cannot assure you that our cloud computing service provider and the underlying internet infrastructure and the fixed telecommunication networks in China will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers which in turn, may affect our costs of utilizing customized cloud computing services. If the prices we pay for third-party cloud computing services rise significantly, our results of operations may be adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Our platform and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.

Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for users using our platform, delay introductions of new features or enhancements, result in errors or compromise our ability to protect user data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of users or liability for damages, any of which could adversely affect our business, results of operations and financial condition.

Our products and services contain open-source software, which may pose particular risks to our proprietary software, products and services in a manner that negatively affect our business.

We use open-source software in our products and services and will use open-source software in the future. There is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering our products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

Furthermore, because any software source code we contribute to open-source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely. As a result, we may be unable to prevent our competitors or others from using such software source code contributed by us.

We may not be able to prevent unauthorized use of our intellectual property and may be subject to intellectual property infringement claims, which could reduce demand for our services, adversely affect our revenues and harm our competitive position.

We rely primarily on a combination of copyright, trademark and trade secret laws and contractual rights to establish and protect our intellectual property rights in our services, credit risk management procedures and policies and other aspects of our business. The steps we have taken or will take in the future to protect our intellectual property from infringement, misappropriation or piracy may be insufficient. Implementation of intellectual property-related laws in China has historically been lacking, primarily due to ambiguity in the PRC laws and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protection in China may not be as effective as in the United States or other countries. As of the date of this annual report, we have registered a series of trademarks material to our business under our name in the PRC, including "玖富"and "玖富集团." In addition, we are in the process of applying for trademark registrations in Indonesia, Thailand and Vietnam. Current or potential competitors may use our intellectual property without our authorization in the development and marketing of services that are substantially equivalent or superior to ours, which could reduce demand for our services, adversely affect our revenues and harm our competitive position.

Even if we were to discover evidence of infringement or misappropriation, our recourse against such competitors may be limited or could require us to pursue litigation, which could involve substantial costs and diversion of management's attention from the operation of our business.

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

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

We may be held liable for information or content displayed on, retrieved from or linked to our websites and mobile applications, which may materially and adversely affect our business and operating results.

The PRC government has adopted regulations governing the distribution of content over the internet. Under these regulations, internet content providers are prohibited from posting or displaying over the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. In addition to our website, we also offer our products and services through our mobile applications, which are regulated by the Administrative Provisions on Mobile Internet Applications Information Services, or the APP Provisions, promulgated by the Cyberspace Administration of China, or the CAC, on June 28, 2016 and effective on August 1, 2016. According to the APP Provisions, the providers of mobile applications shall not create, copy, publish or distribute information and content that is prohibited by laws and regulations. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to Value-added Telecommunication Services—Regulations related to mobile internet applications information services." At the end of 2019, the CAC issued the Provisions on the Management of Network Information Content Ecology, or the CAC Order No.5, which became effective on March 1, 2020, to further strengthen the regulation and management of network information content. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to Information Security, Censorship and Privacy—Regulations related to internet security." "We have implemented internal control procedures screening the information and content on our websites and mobile applications to ensure their compliance with the APP Provisions and CAC Order No. 5. However, we cannot assure that all the information or content displayed on, retrieved from or linked to our websites and mobile applications complies with the requirements of the PRC laws and regulations at all times. If our websites or mobile applications were found to be violating the PRC laws and regulations, we may be subject to administrative penalties, including warning, service suspension or removal of our mobile applications from the relevant mobile application store, which may materially and adversely affect our business and operating results.

From time to time, we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to further increase the value of our platform and better serve our users. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction.

Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, rights, platform, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our daily operations;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business both domestically and overseas;

- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- failure to successfully further develop the acquired technology;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- lack of sufficient influential power over the business we invest;
- potential disruptions to our ongoing businesses; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

We may not make any investments or acquisitions, or any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits. For example, in 2016, we acquired a majority of equity interest in Fuyuan Securities Limited (formerly known as 9F Primasia Securities Limited), a company incorporated in Hong Kong, to offer stock investment products. In 2019, we made prepayments to acquire the equity interest in Hubei Consumer Finance Company, and completed the acquisition of 24.47% equity interest in Hubei Consumer Finance Company in 2020. There is no assurance that these new investments or acquisitions will prove to be successful and we are subject to government rules and regulations which are evolving and subject to uncertainty. In addition, we cannot assure you that any future investment in or acquisition of new businesses or technology will lead to the successful development of new or enhanced products and services or that any new or enhanced products and services, if developed, will achieve market acceptance or prove to be profitable.

Our planned expansion into more overseas markets and our operations in the existing overseas markets could fail, reduce operating results and expose us to increased risks associated with different market dynamics and competition in the overseas markets.

We may face many new obstacles in our planned expansion into more overseas markets and our operations in the existing overseas markets. For example, we started to offer offshore stock investments and insurance brokerage services in Hong Kong in 2016. We have established, and are actively expanding our businesses overseas especially in Southeast Asian countries, and have obtained a few key financial services licenses in Southeast Asia. These markets are untested for our products and services, and we face risks in expanding our businesses overseas or operating in the existing overseas markets, which include economic, regulatory, legal and political risks inherent in doing businesses overseas, operations and sales in other jurisdictions, including challenges caused by distance and linguistic and cultural differences, the potential for longer collection periods and for difficulty in collecting accounts receivable and enforcing contractual obligations, fluctuations in currency exchange rates, unanticipated changes in laws or regulatory requirements, including tariffs or other barriers to trade, and the potential for political, legal and economic instability. For example, the COVID-19 pandemic has caused significant disruptions to the economic development in Southeast Asian countries, which could negatively affect our business operation and future development in this region. See "—Our business, financial condition and results of operations have been and are likely to continue to be materially and adversely affected by the outbreak of COVID-19." We may not be as successful as our competitors in generating revenues in overseas markets due to the lack of recognition of our products and services or other factors. Developing product recognition overseas is expensive and time-consuming and our international expansion efforts may be more costly and less profitable than we expect. If we are not successful in our existing or target overseas markets, our sales could decline, our margins could be negatively impacted and we could lose market share, any of which could materially harm our business, results of operations and profitability.

For example, we started to offer offshore stock investments and insurance brokerage services in Hong Kong in 2016. We are licensed or registered with the Securities and Futures Commission of Hong Kong, or the SFC, to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571) of Hong Kong, or the SFO. There are already established players in these industries. These entities are in direct competition with us and include not only the multi-national financial institutions but also local firms. Our directors believe that competition in the industry rests on (i) the quality of services and advice provided to clients; (ii) the expertise and reputation of the licensed corporation; and (iii) business network and connections of the licensed corporation. There is no assurance that we will be able to uphold our competitive strengths. Any intensified competition may result in our loss of market share, and could materially harm our business, results of operations and profitability.

We are subject to potential exposure to allegations of professional misconduct liability with respect to our business operations in Hong Kong.

Our business operations in Hong Kong involves the provision of professional advice to clients on stock investments by professional staff. A client who suffers loss due to such client's reliance on the advice given by our subsidiary, Fuyuan Securities Limited may have a legal cause of action against Fuyuan Securities Limited or us for damages, compensation and/or other relief.

Although we have adopted certain relevant internal control measures to minimize the risk of professional negligence and/or employee infidelity with respect to our operation in Hong Kong, there is no assurance that these risks can be completely eliminated with respect to our operation in Hong Kong. Furthermore, as we do not maintain any insurance for allegations relating to professional negligence or employee infidelity, we are exposed to potential liabilities resulting from these allegations.

If there is any allegation of professional negligence and/or employee infidelity brought against us, we may be exposed to legal and/or other proceedings in Hong Kong which may result in substantial costs and diversion of resources and management's attention. It may also have an adverse impact on our profitability, financial position and reputation.

We are subject to extensive regulatory requirements with respect to our business operations in Hong Kong and Southeast Asia countries, non-compliance with which, or changes in these regulatory requirements, may affect our business operations and financial results.

The Hong Kong financial market in which we operate is highly regulated. There are changes in rules and regulations from time to time in relation to the regulatory regime for the financial service industry, including, but not limited to, the SFO, the Companies Ordinance (prior to its repeal and replacement on March 3, 2014 by the Companies Ordinance and the Companies (WUMP) Ordinance), the Securities and Futures (Financial Resources) Rules, the Rules Governing the Listing of Securities and The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, all as amended, supplemented or otherwise modified from time to time. Any such changes in the relevant rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. If we fail to comply with these applicable rules and regulations from time to time, we may face fines or restrictions on our business activities or even suspension or revocation of some or all of our licenses for carrying on our business activities.

Furthermore, we are required to be licensed with the relevant regulatory authorities including without limitation, as licensed corporations under the SFO. In this respect, we have to ensure continuous compliance with all applicable laws, regulations and guidelines, and satisfy the SFC, the Hong Kong Stock Exchange and/or other regulatory authorities that we remain fit and proper to be licensed. If there is any change or tightening of the relevant laws, regulations and guidelines, it may materially and adversely affect our business operations.

We may be subject to regulatory inspection and investigations from time to time. With respect to SFC investigations, we may be subject to secrecy obligations under the SFO whereby we are not permitted to disclose certain information relating to the SFC investigations. In addition, unless we are specifically named as the party that is being investigated under the SFO investigation, we generally do not know whether we, any member of our staff, or any of our respective directors, our responsible officers, our licensed representatives or our staff is the subject of SFC investigations. If the results of the inspections or investigations reveal misconduct, the SFC may take disciplinary actions such as revocation or suspension of licenses, public or private reprimand or imposition of pecuniary penalties against us, our responsible officers or licensed representative and/or any of our staff. Any disciplinary actions taken against us or penalties imposed on us, our directors, responsible officers, licensed representatives or relevant staff could have an adverse impact on our business operations and financial results.

In addition, our operations in Southeast Asia countries are subject to licensing and other regulatory requirements as well, the compliance of which will incur additional costs. For example, we have obtained the P2P license in Indonesia approved by OJK, and our Indonesian joint venture company has had its Multi-Finance license conditionally approved by OJK pending completion of the joint venture shareholding structure change and operational readiness assessment; further, we have cooperated with our partners to hold a personal loan license (unsecured personal loan), Nano loan license (unsecured business owner loan) approved by Bank of Thailand and e-commerce license (e-commerce retail business) in Thailand. However, we cannot assure you that we can successfully maintain such licenses or continue to obtain licenses necessary to satisfy the needs of our business operations in those countries. If we fail to maintain our current licenses or continue to obtain new licenses as required, our business operations and developments in Southeast Asian countries may be negatively impacted, so does our results of operations and financial status.

We have granted share options, and may continue to grant share options and other types of awards under our equity incentive plans, which may result in increased share-based compensation expenses.

As of April 30, 2021, options to purchase a total of 33,626,808 Class A ordinary shares of our company were granted to our managements and employees and are outstanding. We recorded RMB508.2 million, RMB353.2 million and RMB290.6 million (US$44.5 million) in 2018, 2019 and 2020, respectively, in share-based compensation expenses. We believe the grant of share options and other types of awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share options and other types of awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

We may not be able to obtain additional capital on favorable terms or at all.

We anticipate that our current cash, cash provided by operating activities and funds available through our bank loans and credit facilities, will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. However, we need to make continued investments in facilities, hardware, software, technological systems and to retain talent to remain competitive. Due to the unpredictable nature of the capital markets and the industries we are operating in, we cannot assure you that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing operating results. If adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited, which would adversely affect our business, financial condition and results of operations. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the levels of our net revenues, expenses, net (loss)/income and other key metrics, may vary significantly in the future due to a variety of factors, some of which are outside of our control, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Fluctuations in quarterly results may adversely affect the market price of our ADSs. Factors that may cause fluctuations in our quarterly financial results include but not limited to the following:

- our ability to attract new users and partners and maintain relationships with existing ones;

- the amount and timing of operating expenses related to acquiring users and the maintenance and expansion of our business, operations and infrastructure;
- network outages or security breaches;
- general economic, regulatory, industry and market conditions;
- our emphasis on user experience instead of near-term growth; and
- the timing of expenses related to the development or acquisition of technologies or businesses.

In addition, we may experience seasonality in our business, reflecting seasonal fluctuations in internet usage and traditional personal consumption patterns. While our rapid growth has somewhat masked this seasonality, our results of operations could be affected by such seasonality in the future.

Our business depends on the continued efforts of our senior management. If one or more of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our business operations depend on the continued services of our senior management, particularly the executive officers named in this annual report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and we may incur additional expenses to recruit, train and retain qualified personnel, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected.

Furthermore, we started to offer offshore stock investments and insurance brokerage services in Hong Kong in 2016. Under the licensing requirements of the SFO, our licensed corporation, Fuyuan Securities Limited, is required to maintain at least two responsible officers to supervise one or more regulated activities as required under the SFO for each type of regulated activities. As of March 31, 2021, we have six responsible officers to supervise Type 1 (dealing in securities) activities, five responsible officers for Type 4 (advising on securities) and Type 9 (asset Management) activities, and three responsible officers to supervise Type 5 (advising on futures contracts) activities under the SFO, and are in compliance with the relevant laws and regulations in Hong Kong. In the event that such responsible officers resign, become disqualified or otherwise ineligible to continue their role as responsible officers, and if there is no immediate and adequate replacement, this may result in a situation where one or more of the four regulated activities have fewer than two responsible officers. In this case, we will be in breach of the relevant licensing requirements which could adversely affect our licensed corporations' status, and our business and financial performance will be negatively impacted.

In addition, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China and Hong Kong or we may be unable to enforce them at all.

Competition for employees is intense, and we may not be able to attract and retain the qualified and skilled employees needed to support our business.

We believe our success depends on the efforts and talent of our employees, including software engineering, financial and marketing personnel. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical and financial personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment.

In addition, we invest significant time and expenses in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training new employees, and the quality of our services and our ability to serve users could diminish, resulting in a material adverse effect to our business.

Increases in labor costs in the PRC, Hong Kong and elsewhere in the world where we have operations may adversely affect our business and results of operations.

The economy in China has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The requirement of employee benefit plans has not been implemented consistently by the local governments in the PRC given the different levels of economic development in different locations. We have not made adequate employee benefit payments for some of our employees, and we may be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control our labor costs or pass on these increased labor costs to our users by increasing the fees of our services, our financial condition and results of operations may be adversely affected.

In addition, increases in labor costs in Hong Kong and elsewhere in the world where we have operations may also have a negative impact on our business and results of operations. For example, our licensed staff is essential to the Hong Kong business operations as we rely on their expertise to provide the relevant services. If competition for these licensed professionals intensifies, the costs to retain and recruit them may increase. Furthermore, our business expansion in Hong Kong, Southeast Asia and elsewhere in the world is also expected to increase our labor costs in the future, which may adversely affect our business and results of operations.

If we cannot maintain our corporate culture as we grow, our capabilities of innovation, collaboration and focus that contribute to our business may be compromised.

We believe that a critical component of our success is our corporate culture, which we believe fosters innovation, encourages teamwork and cultivates creativity. As we develop the infrastructure of a public company and grow, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue our corporate objectives.

We may not have enough business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Currently, we do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

Our use of some leased properties could be challenged by third parties or government authorities, which may cause interruptions to our business operations.

As of the date of this annual report, we leased properties for most of our offices and branch offices. The lessors of some leased properties have not been able to provide proper ownership certificates for the properties we lease or prove their rights to sublease the properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated. We may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. In addition, our leasehold interests in leased properties have not been registered with relevant PRC government authorities as required by PRC law, which may expose us to potential fines of up to RMB10,000 per unit leasehold.

As of the date of this annual report, we are not aware of any claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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

The PRC government has provided various tax incentives to our subsidiaries, variable interest entities and their respective subsidiaries. These incentives include reduced enterprise income tax rates and exemptions from enterprise income tax. For example, under the relevant PRC tax laws, the statutory enterprise income tax rate is 25%. However, the income tax rate of an enterprise that has been determined to be a "high and new technology enterprise" can be reduced to a favorable rate of 15%. In addition, the income tax rate of enterprises of encouraged industries in certain regions or enterprises qualified as "small enterprises with low profits" can be reduced to a favorable rate of 20%. Several of our subsidiaries, variable interest entities and their respective subsidiaries are either subject to the favorable income tax rate of 15%, 20% or have been exempted from the enterprise income tax for a certain period. For details, please refer to "Item 5. Operating and Financial Review and Prospects—Taxation—China." Any increase in the enterprise income tax rate applicable to our subsidiaries, variable interest entities and their respective subsidiaries, or any discontinuation or retroactive or future reduction of any of the favorable tax treatments currently enjoyed by our subsidiaries, variable interest entities and their respective subsidiaries, could materially and adversely affect our business, financial condition and results of operations. In addition, in the ordinary course of our business, we are subject to complex income tax and other tax regulations and significant judgment is required in the determination of a provision for income taxes. Furthermore, competent PRC tax authorities may conduct tax audits on our subsidiaries, variable interest entities and their respective subsidiaries, and may also challenge our calculation of tax liability. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

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

Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, in connection with the audit of our consolidated financial statements as of December 31, 2020 and for the year ended December 31, 2020, we and our independent registered public accounting firms identified three material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

One material weakness that has been identified related to the lack of sufficient financial reporting and accounting personnel with appropriate U.S. GAAP knowledge and SEC reporting requirements to properly address complex U.S. GAAP technical accounting issues and to prepare and review financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC. The other two material weaknesses that have been identified related to the lack of timely and appropriate detailed account analysis and related account reconciliation in the Company's close process, and the lack of documentation in support of the Company's key process flows and related key internal control policies and procedures as well as documentation of the Company's critical accounting estimates and the procedures it has completed to ensure compliance with U.S. GAAP. Either of these material weaknesses, if not timely remedied, may lead to significant misstatements in our consolidated financial statements in the future. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purpose of identifying and reporting any material weaknesses in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weaknesses, we have taken measures and plan to continue to take measures to remedy these material weaknesses. See "Item 15. Controls and Procedures—Internal Control over Financial Reporting." However, we cannot assure you that the implementation of these measures will be sufficient to eliminate such material weaknesses, or that material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. Our failure to correct these material weaknesses or our failure to discover and address any other material weaknesses or significant deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

Furthermore, it is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, it may have identified additional material weaknesses and significant deficiencies. We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as we are now a public company, our reporting obligations have required additional attention from our management, operational and financial resources and systems. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other material weaknesses and significant deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our consolidated financial statements for prior periods.

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

In addition to COVID-19, our business could be materially and adversely affected by natural disasters, other health epidemics or other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, hacking, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services on our platform.

Our business could also be adversely affected by the effects of epidemics. In recent years, there have been breakouts of epidemics in and outside China, such as the Ebola virus disease, H1N1 flu, avian flu and the recent COVID-19 pandemic. Our business operations could be disrupted if any of our employees is suspected of having such epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

Our headquarters are located in Beijing, where most of our directors and management and a large majority of our employees currently reside. In addition, most of our system hardware and back-up systems are hosted in Beijing and Hangzhou. We also conduct our online wealth management products related business from our Beijing headquarters and Hong Kong branches. We conduct our stock investment businesses in Hong Kong with support provided by a research and development center in Shenzhen. Consequently, we are highly susceptible to factors adversely affecting Beijing, Hangzhou, Shenzhen and Hong Kong. If any of the abovementioned natural disasters, health epidemics or other calamities were to occur in such cities or other cities where we may have material operations, our operations may experience material disruptions, such as temporary closure of our offices and suspension of services, which may materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to our consolidated affiliated entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of value-added telecommunication businesses, such as online data processing and transaction processing services and internet information services, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider except for those engaged in e-commerce businesses, domestic multi-party communications services businesses, store-and-forward businesses and call center businesses, which may be 100% owned by foreign investors, and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record in accordance with the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2020 Version), or the Negative List, which became effective on July 23, 2020 and replaced the previous negative list, and other applicable laws and regulations.

We are a Cayman Islands exempted company and our PRC subsidiaries are considered foreign invested enterprises. Our wholly foreign-owned PRC subsidiaries are currently not eligible to apply for the required licenses for providing value-added telecommunication services that foreign ownership and investment is restricted in China. The online services offered by us in China constitute a type of value-added telecommunication service that foreign ownership and investment is restricted and therefore we should provide these services through a variable interest entity to ensure compliance with the relevant PRC laws and regulations. We set up a series of contractual arrangements entered into among our certain PRC Subsidiaries, each of Jiufu Shuke, Beijing Puhui, Zhuhai Lianyin, Yi Qi Mai and Shenzhen Fuyuan (collectively, the “consolidated affiliated entities” or “VIEs”), and the shareholders of each consolidated affiliated entity to conduct our principal operations in China. For a detailed description of these contractual arrangements, see “Corporate History and Structure.” As a result of these contractual arrangements, we exert control over our consolidated affiliated entities and their subsidiaries and consolidate their operating results in our financial statements under U.S. GAAP.

In the opinion of our PRC counsel, Han Kun Law Offices, our current ownership structure, the ownership structure of our consolidated affiliated entities and their subsidiaries, and the contractual arrangements among certain of our PRC Subsidiaries, our consolidated affiliated entities and the shareholders of our consolidated affiliated entities are not in violation of any explicit provisions of the existing PRC laws, regulations and rules; and these contractual arrangements are valid, binding and enforceable in accordance with their terms and applicable PRC laws and regulations currently in effect. However, Han Kun Law Offices has also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of our PRC counsel.

It is uncertain whether any new PRC laws, regulations or rules relating to the "variable interest entity" structure will be adopted and if adopted, what they would provide. In particular, on January 1, 2020, the PRC Foreign Investment Law and the Regulations for Implementation of the Foreign Investment Law of the People's Republic of China, or the Implementation Regulations, came into effect. Although the PRC Foreign Investment Law and the Implementation Regulations do not explicitly classify contractual arrangements as a form of foreign investment, the definition of the "foreign investment" under the PRC Foreign Investment Law contains a catch-all provision providing that investments made by foreign investors through other methods specified in laws or administrative regulations or other methods prescribed by the State Council, which leaves leeway for future laws, administrative regulations or provisions promulgated by the Stale Council to provide for contractual arrangements as a method of foreign investment. On December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law, or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, where a party concerned claims an investment agreement to be invalid on the basis that it is for investment in prohibited or restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. Therefore, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities in the future. If the ownership structure, contractual arrangements and business of our company, our PRC subsidiaries or our consolidated affiliated entities are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our consolidated affiliated entities and their subsidiaries, revoking the business licenses or operating licenses of our consolidated affiliated entities and their subsidiaries, shutting down our servers, websites or apps, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from our offerings to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of our consolidated affiliated entities and their subsidiaries, and/or our failure to receive economic benefits from our consolidated affiliated entities and their subsidiaries, we may not be able to consolidate their results into our consolidated financial statements in accordance with U.S. GAAP.

We rely on contractual arrangements with our consolidated affiliated entities and shareholders of our consolidated affiliated entities for a significant portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with our consolidated affiliated entities and shareholders of our consolidated affiliated entities, to operate our online business in PRC. These contractual arrangements may not be as effective as direct ownership in providing us with control over our consolidated affiliated entities and their subsidiaries. For example, our consolidated affiliated entities and shareholders of our consolidated affiliated entities may fail to fulfill their contractual obligations with us, such as failure to operate our websites and apps effectively and use the domain names and trademarks in a manner as stipulated in the contractual arrangements, or taking other actions that are detrimental to our interests.

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

Any failure by our consolidated affiliated entities or shareholders of our consolidated affiliated entities to perform their obligations under our contractual arrangements would have a material adverse effect on our business.

If our consolidated affiliated entities or the shareholders of our consolidated affiliated entities fail to perform their respective obligations under the contractual arrangements, we may incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of our consolidated affiliated entities were to refuse to transfer their equity interests in our consolidated affiliated entities to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. These arbitration provisions relate to claims arising from the contractual relationship created by the VIE agreements, rather than claims under US federal securities laws, and they do not prevent our shareholders or ADS holders from pursuing claims under US federal securities laws in the United States. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final and parties cannot appeal arbitration results in court unless such rulings are revoked or determined unenforceable by a competent court. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our consolidated affiliated entities and their subsidiaries, and our ability to conduct our business may be negatively affected. See "—Risks Related to Doing Business in China and Hong Kong—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us."

The shareholders of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business, financial condition and the value of your investment in our shares.

The equity interests of our consolidated affiliated entities are held by certain individual shareholders. See "Item 4. Information on the Company—C. Organizational Structure." Their interests in our consolidated affiliated entities may differ from the interests of our company as a whole. These shareholders may breach, or cause our consolidated affiliated entities to breach, the existing contractual arrangements we have with them and our consolidated affiliated entities, which would have a material adverse effect on our ability to effectively control our consolidated affiliated entities and their subsidiaries and receive economic benefits from them. For example, the shareholders of our consolidated affiliated entities may be able to cause our agreements with our consolidated affiliated entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreement with these shareholders to request them to transfer all of their equity interests in our consolidated affiliated entities to us or our designee, to the extent permitted by PRC laws. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our consolidated affiliated entities, we would have to rely on legal proceedings, which could result in the disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The PRC Enterprise Income Tax Law and other applicable laws and regulations require every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among certain of our PRC Subsidiaries, each of our consolidated affiliated entities, and the shareholders of such consolidated affiliated entity were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, regulations and rules, and adjust our consolidated affiliated entities income subject to tax in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our consolidated affiliated entities for PRC tax purposes, which could in turn increase their tax liabilities. In addition, if we request the shareholders of our consolidated affiliated entities to transfer their equity interests in our consolidated affiliated entities at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject our designees to PRC income tax; and the taxable income of a transferring shareholder may be adjusted by the PRC tax authorities to an amount higher than the transfer price set forth under these contractual arrangements and thus the transferring shareholder may be subject to PRC income tax. The tax incurred during the equity interest transfer may be undertaken by us. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on our consolidated affiliated entities for the adjusted but unpaid taxes according to the applicable laws and regulations. Our financial position could be materially and adversely affected if our consolidated affiliated entities' tax liabilities increase or if they are required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets and licenses held by our consolidated affiliated entities that are material to the operation of our business if such entities go bankrupt or become subject to a dissolution or liquidation proceedings.

Our consolidated affiliated entities hold certain assets and licenses that are material to the operation of our business, including, among others, intellectual properties and value-added telecommunication licenses. Under the contractual arrangements, our consolidated affiliated entities may not, and the shareholders of our consolidated affiliated entities may not cause them to, in any manner, sell, transfer, mortgage or dispose of their assets or their legal or beneficial interests in the business without our prior consent. However, in the event our consolidated affiliated entities' shareholders breach the these contractual arrangements and voluntarily liquidate our consolidated affiliated entities, or our consolidated affiliated entities declare bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If our consolidated affiliated entities undergo a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

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

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries, our consolidated affiliated entities and their subsidiaries are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safe, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so.

Risks Related to Doing Business in China and Hong Kong

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

Our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting the monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments, banking and shadow banking, or changes in tax regulations. The growth rate of the Chinese economy has gradually slowed since 2010, and the impact of COVID-19 on the Chinese economy in 2020 was severe. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

The COVID-19 pandemic had a severe and negative impact on the Chinese and the global economy in 2020. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Volatility of the stock market in Hong Kong could materially and adversely affect our business and financial condition.

As we have stock business operations in Hong Kong, we are subject to the volatility of the stock market in Hong Kong. The Hong Kong stock market is directly affected by the local and international economic and socio-political environments. Any downturn in the stock market in Hong Kong will directly and adversely affect the number of active corporate finance projects in the market and therefore our performance. Historically, the local and international economic and socio-political environments fluctuated from time to time and the Hong Kong stock market was volatile due to the fluctuations. Severe fluctuations in market and economic sentiments may also result in a prolonged period of sluggish market activities which would in turn could have material adverse impact on our business and financial condition.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us.

The PRC legal system is based on written statutes, and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning our industries are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliant activities under the applicable laws and regulations. The PRC government authority may further promulgate new laws and regulations regulating our industries and other businesses we have already engaged in and may further expand in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations. Moreover, developments in the internet industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict internet technology companies like us, which could materially and adversely affect our business and operations.

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

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

On January 1, 2020, the Foreign Investment Law and the Implementation Regulations came into effect and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The PRC Foreign Investment Law and the Implementation Regulation embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since they are relatively new, uncertainties still exist in relation to their interpretation and implementation. For instance, under the PRC Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Although it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities in the future. In addition, the definition contains a catch-all provision providing that investments made by foreign investors through other methods specified in laws or administrative regulations or other methods prescribed by the State Council, which leaves leeway for future laws, administrative regulations or provisions promulgated by the Stale Council to provide for contractual arrangements as a method of foreign investment. Furthermore, in accordance with the FIL Interpretations which came into effect on January 1, 2020, where a party concerned claims an investment agreement to be invalid on the basis that it is for investment in prohibited or restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. Given the foregoing, it is uncertain whether our contractual arrangements will be deemed to be in violation of the market entry clearance requirements for foreign investment under the PRC laws and regulations.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. See "—Risks Related to Our Corporate Structure" and "Corporate History and Structure." There are uncertainties as to how the PRC Foreign Investment Law and its Implementation Regulations would be further interpreted and implemented. We cannot assure you that their interpretation and implementation made by the relevant governmental authorities in the future will not materially impact the viability of our current corporate structure, corporate governance and business operations in any aspect.

Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing VIE structure, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges, we would not be able to (i) continue our business in China through our contractual arrangements with our consolidated affiliated entities and shareholders of our consolidated affiliated entities, (ii) exert control over our consolidated affiliated entities and their subsidiaries, (iii) receive the economic benefits of our consolidated affiliated entities and their subsidiaries under such contractual arrangements, or (iv) consolidate the financial results of our consolidated affiliated entities and their subsidiaries. Were this to occur, our results of operations and financial condition would be materially and adversely affected and the market price of our ADSs may decline.

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

The PRC government extensively regulates the internet industry and fintech industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry and fintech industry. These internet-related or fintech-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

For example, PRC regulations impose sanctions for engaging in disseminating analysis, forecasting, advisory or other information related to securities and securities markets without having obtained the securities investment consultancy qualifications in China. See "Item 4. Information on the Company-B. Business Overview-Regulations-Regulations Related to Securities Investment Consulting Business." We have not obtained the securities investment consultancy qualifications in China. Without the required qualifications, we should refrain from as well as explicitly prohibit our users from sharing information related to securities analysis, forecasting or advisory on our stock investment platform. However, we cannot assure you that our users will not post articles or share videos that contain analysis, forecasting or advisory content related to securities on our stock investment platform. If any of the information or content displayed on our stock investment platform is deemed as analysis, forecasting, advisory or other information related to securities or securities markets, or any of our business in the PRC is deemed to be a service providing such information, we may be subject to regulatory measures including warnings, public condemnation, suspension of relevant business and other measures in accordance with applicable laws and regulations. Any such penalties may disrupt our business operations or materially and adversely affect our business, financial condition and results of operations.

In addition, we offer a suite of wealth management products to investors. In 2017, we expanded our product suite to include onshore and offshore investment options including stock, insurance, bank wealth management products and mutual funds. According to the Securities Investment Funds Law, any entity that engages in the fund services, including but not limited to sales, investment consulting, information technology system services, shall register or file with the securities regulatory authority of the State Council. See "Item 4. Information on the Company-B. Business Overview-Regulations-Regulations Related to Online Sales of Securities Investment Funds." We do not hold any license or permit in the promotion of, sales of, purchase of or redemption of funds in China. We do not believe the wealth management business we are conducting now in China should be deemed as fund services in China. However, we cannot assure you that relevant regulatory authorities will take the same view as ours. If certain of our activities in China were deemed by relevant regulators as provision of fund services in China, we may be subject to penalties including imposition of fines and suspension of such fund sales business.

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

We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our PRC subsidiaries to adjust its taxable income under the contractual arrangements it currently has in place with our consolidated affiliated entities and their shareholders in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us. See "—Risks Related to Our Corporate Structure—Contractual arrangements in relation to our consolidated affiliated entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our consolidated affiliated entities owe additional taxes, which could negatively affect our financial condition and the value of your investment."

Under PRC laws and regulations, our PRC subsidiaries, as wholly foreign-owned enterprises in China, may pay dividends only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to discretional funds. These reserve funds and discretional funds are not distributable as cash dividends.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or the SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries directly held by our non-PRC subsidiaries are able to pay dividends in foreign currencies to their non-PRC shareholders without prior approval from the SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In response to the persistent capital outflow and RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the PBOC and the SAFE have implemented a series of capital control measures, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also "—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration or filing with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to registration with the State Administration for Market Regulation, or the SAMR or its local branches, the information reporting in the online enterprise registration system, and foreign exchange registration with qualified banks. In addition, (a) any foreign loan procured by our PRC subsidiaries, consolidated affiliated entities and their subsidiaries is required to be filed with SAFE through the online filing system of SAFE, and (b) each of our PRC subsidiaries, consolidated affiliated entities and their subsidiaries may not procure loans which exceed a statutory upper limit. Any loan to be provided by us to our PRC subsidiaries, consolidated affiliated entities and their subsidiaries with a term of more than one year must be recorded and registered by the NDRC or its local branches. We may not complete such approval, recording, filings or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries, consolidated affiliated entities and their subsidiaries. If we fail to complete such approval, recording, filings or registrations, our ability to use the proceeds of our offerings and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the Renminbi fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from its foreign exchange capital for expenditure beyond its business scope, securities investment or other financial investment except for guaranteed financial products issued by banks, providing loans to non-affiliated enterprises unless otherwise permitted under its business scope or constructing or purchasing real estate not for self-use. On October 23, 2019, the SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation, or SAFE Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlements to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange—General administration of foreign exchange." The applicable foreign exchange circulars and rules may significantly limit our ability to transfer to and use in China the net proceeds from our offerings, which may adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the price of our ADSs.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of the Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

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

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

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in RMB. Under our current corporate structure, our company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. But approval from, registration or filing with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows of China in 2016 due to the weakening RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Failure to make adequate contributions to various employee benefit plans and withhold individual income tax on employees' salaries as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Companies operating in China are also required to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment. We have not made adequate employee benefit payments. Neither have we fully withheld the individual income tax in accordance with the relevant PRC laws and regulations.

With respect to the underpaid employee benefits, we may be required to make up the contributions for these plans as well as to pay late fees and fines; with respect to the underwithheld individual income tax, we may be required to make up sufficient withholding and pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits and underwithheld individual income tax, our financial condition and results of operations may be adversely affected.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or natural persons acquire an affiliated PRC domestic enterprise. After the PRC Foreign Investment Law and its Implementation Regulations became effective on January 1, 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its Implementation Regulations. Moreover, the Anti-Monopoly Law requires that the State Administration for Market Regulation, or the SAMR, shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM, the SAMR or other PRC government authorities may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

In addition, the security review rules issued by the PRC government authorities that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the PRC government authorities, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

In December 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment, which came into effect on January 18, 2021. The NDRC and MOFCOM will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. What may constitute "onshore investment by and through any other means" or "de facto control" is not clearly defined under such measures, and could be broadly interpreted. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security. As these measures were recently promulgated, official guidance has not been issued by the designated office in charge of such security review yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute "important information technology and internet services and products" and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures. As our business may be deemed to constitute the foregoing circumstances, we cannot assure you that our current business operations will remain fully compliant, or we can adapt our business operations to new regulatory requirements on a timely basis, or at all.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

The SAFE promulgated the Circular on Relevant Issues Relating to PRC Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced the previous Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments through Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC resident individuals and PRC entities, to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC resident individuals must update their SAFE registrations when the offshore special purpose vehicle that such PRC resident individuals directly own the equity interests in undergoes material events relating to any change of basic information (including change of such PRC residents or entities, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 also requires a PRC entity to undergo the foreign exchange registration and updating procedure in accordance with the Provisions on Foreign Exchange Administration of the Outbound Direct Investment of Domestic Institutions, issued by the SAFE in July 2009 and other relevant regulations.

On February 28, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. In accordance with SAFE Notice 13, PRC residents are required to apply for foreign exchange registration of foreign direct investment and outbound direct investment, including those required under SAFE Circular 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

In addition, pursuant to the Measures for the Administration of Outbound Investment promulgated by the MOFCOM in August 2014, and the Administrative Measures of Outbound Investment of Enterprises promulgated by NDRC in December 2017, both of which replaced previous rules regarding outbound direct investment by PRC entities, any outbound investment of PRC enterprises is required to be approved by or filed with MOFCOM, NDRC or their local branches. Certain state-owned enterprises may also be required to complete approval or filing procedures with state-owned assets supervision and administration authorities for some of their outbound direct investment.

If our direct or indirect shareholders who are PRC residents do not complete their registration with the local SAFE branches or qualified banks, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

Our founders and a number of our directors, officers and individual shareholders who indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents, including Yifan Ren, Lei Sun, Changxing Xiao, Dongcheng Zhang, Lei Liu, Lixing Chen, Jiachun Qu and Zhijun Li, have completed the foreign exchange registrations in accordance with SAFE Circular 37 or SAFE Circular 75 then in effect. In October 2018, Lei Sun established a trust, of which he and his family members are beneficiaries, and transferred all shares of our company he beneficially owned to this trust. Each of the four other directors and officers of our company established a trust, of which he and his family members are beneficiaries, and transferred all shares of our company he beneficially owned to such trust, respectively. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." All beneficiaries of such trusts who are PRC residents are required to complete relevant registrations pursuant to SAFE Circular 37. We have notified the beneficiaries of the trusts who we know are PRC residents of their filing obligation, including the obligation to make initial registration or updates under SAFE Circular 37, and such beneficiaries have undertaken to complete relevant registrations as soon as such registration is practical with the local SAFE branches or qualified banks.

However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the requirements of SAFE Circular 37 and other outbound investment related regulations. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE Circular 37 and other outbound investment related regulations. Failure by such shareholders or beneficial owners to comply with SAFE Circular 37 and other outbound investment related regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us or our shareholders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

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

Pursuant to SAFE Circular 37, PRC residents who participate in stock incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose vehicles. In the meantime, our directors, executive officers and other employees who are PRC residents and who have been granted stock options by us, may follow the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, promulgated by the SAFE in 2012, or 2012 SAFE Notices. Pursuant to the 2012 SAFE Notices, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted stock options will be subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See " Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Our Business Operation in China—Regulations Related to Employee Stock Incentive Plan."

The State Administration of Taxation, or SAT, has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, our employees working in China who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See " Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Our Business Operation in China—Regulations Related to Employee Stock Incentive Plan."

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

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. Circular 82, issued by the SAT in April 2009 and amended in December 2017, provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. See "Item. 10 Additional Information—Taxation—People's Republic of China Taxation." However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that 9F Inc. or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then 9F Inc. or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ADSs or Class A ordinary shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains or dividends are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

We may not be able to obtain certain benefits under the relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the Circular 81, issued by the SAT, such withholding tax rate may be lowered to 5% if the PRC enterprise is at least 25% held by a Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and is determined by the relevant PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws. However, based on the Circular 81, if the relevant PRC tax authority determines, in its discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authority may adjust the preferential tax treatment. Furthermore, in October 2019, the SAT promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Treatments, or Circular 35, which became effective on January 1, 2020 and superseded the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties. The Circular 35 abolished the record-filing procedure for justifying the tax treaty eligibility of taxpayers, and stipulates that non-resident taxpayers can enjoy tax treaty benefits via the "self-assessment of eligibility, claiming treaty benefits, retaining documents for inspection" mechanism. Non-resident taxpayers can claim tax treaty benefits after self-assessment provided that relevant supporting documents shall be collected and retained for post-filing inspection by the tax authorities. In addition, based on the Notice on Issues concerning Beneficial Owner in Tax Treaties, or Circular 9, issued on February 3, 2018 by the SAT, which became effective from April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of the applicant's income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Item 10. Additional Information—Taxation—People's Republic of China Taxation." We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to 9F HK, our Hong Kong subsidiary.

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

Pursuant to the Circular on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the SAT in 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer.

On February 3, 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 supersedes certain rules with respect to the Indirect Transfer under SAT Circular 698, but does not touch upon the other provisions of SAT Circular 698, which remain in force. SAT Public Notice 7 has introduced a new tax regime that is significantly different from the previous one under SAT Circular 698. SAT Public Notice 7 extends its tax jurisdiction to not only Indirect Transfers set forth under SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferor shall be subject to withholding of applicable taxes, currently at a rate of 10%. On October 17, 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which became effective on December 1, 2017 and abolished SAT Circular 698 as well as certain provisions in SAT Circular 7. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax. Pursuant to SAT Bulletin 37, where the party responsible to withhold such income tax did not or was unable to withhold, and the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been withheld to the relevant tax authority, both of such parties may be subject to penalties.

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

Uncertainties exist with respect to the enforcement of Anti-Monopoly Guidelines for Internet Platforms and how it may impact our business operations.

In February 2021, the Anti-monopoly Commission of the State Council promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. The Anti-Monopoly Guidelines for Internet Platforms is consistent with the Anti-Monopoly Law and prohibits monopoly agreements, abuse of a dominant position and concentration of undertakings that may have the effect to eliminate or restrict competition in the field of platform economy. More specifically, the Anti-Monopoly Guidelines for Internet Platforms outlines certain practices that may, if without justifiable reasons, constitute abuse of a dominant position, including without limitation, tailored pricing using big data and analytics, actions or arrangements deemed as exclusivity arrangements, using technological means to block competitors' interface, using bundle services to sell services or products, and compulsory collection of user data. In addition, the Anti-Monopoly Guidelines for Internet Platforms expressly provides that concentrations involving VIEs will also be subject to antitrust filing requirements. The Anti-Monopoly Guidelines for Internet Platforms became effective on February 7, 2021, but uncertainties exist with respect to its enforcement. Although we believe we do not engage in any of the foregoing situations, we cannot assure you that the regulators will take the same view as ours. If certain of our activities in China were deemed by relevant regulators as violations of the Anti-Monopoly Guidelines for Internet Platforms, it may result in governmental investigations, fines and/or other sanctions against us.

Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor is currently not inspected by the PCAOB.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. We will be required to comply with these rules if the SEC identifies us as having a "non-inspection" year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above.

The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President's Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfil its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company was not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022.

The SEC has announced that the SEC staff is preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted. The implications of this possible regulation in addition the requirements of the HFCA Act are uncertain. Such uncertainty could cause the market price of our ADSs to be materially and adversely affected, and our securities could be delisted or prohibited from being traded "over-the-counter" earlier than would be required by the HFCA Act. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs.

The PCAOB's inability to conduct inspections in China prevents it from fully evaluating the audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB in the PRC or by the CSRC or the PRC Ministry of Finance in the United States. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

Risks Related to Our American Depositary Shares

The market price for our ADSs may be volatile.

The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in their trading prices. The trading performance of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009 and the second half of 2011, which may have a material adverse effect on the market price of our ADSs.

In addition to the above factors, the price and trading volume of our ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us, our users, or our industries;
- conditions in our industries;
- announcements of studies and reports relating to the quality of our product and service offerings or those of our competitors;
- actual or anticipated fluctuations in our interim results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures or capital commitments;
- additions to or departures of our senior management;
- detrimental negative publicity about us, our management or our industry;
- fluctuations of exchange rates between the Renminbi and the U.S. dollars; and
- sales or perceived potential sales of additional Class A ordinary shares or ADSs.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our ADSs or publish inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

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

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

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

Our dual-class share structure with different voting rights and the restriction on transfer of Class B ordinary shares will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our authorized share capital is divided into Class A ordinary shares and Class B ordinary shares (with certain shares remaining undesignated, with power for our directors to designate and issue such classes of shares as they think fit). In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares and Class B ordinary shares vote together as a single class except as may otherwise be required by law, holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to five votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any non-affiliate to such holder, or upon a change of control of any Class B ordinary share to any person who is not an affiliate of the registered holder of such Class B ordinary share, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share.

Mr. Lei Sun, the chairman of our board of directors, beneficially owns an aggregate of 64,433,465 ordinary shares, representing in aggregate 65.6% of our total voting power as of April 30, 2021. Consequently, Mr. Sun will be able to significantly influence matters requiring shareholders' approval such as electing directors and approving material mergers, acquisitions or other business combination transactions. The dual-class share structure will also allow Mr. Sun to have significant influence on requisition of extraordinary general meeting of shareholders and quorum required for general meeting of shareholders. See "Item 10. Additional Information—Our Memorandum and Articles of Association—"Voting Rights" and "General Meetings of Shareholders and Shareholders Proposals" for details. Mr. Sun may take actions that are not in the best interest of us or our other shareholders. This concentration of voting power and the restriction on transfer of Class B ordinary share may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our other shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders. In addition, Mr. Sun could divert business opportunities away from us to himself or others. For more information regarding our principal shareholders and their affiliated entities, see "Item 6. Directors, Senior Management and Employees — E. Share Ownership."

The dual-class structure of our ordinary shares may adversely affect the trading market for the ADSs.

S&P Dow Jones and FTSE Russell have changed their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual-class structure of our ordinary shares may prevent the inclusion of the ADSs representing our Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs representing our Class A ordinary shares. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market after our initial public offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. All ADSs sold in the initial public offering are freely transferable without restriction or additional registration under the Securities Act. Our Class A Ordinary Shares outstanding are also available for sale subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. To the extent these shares are sold into the market, the market price of our ADSs could decline.

Certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

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

As a holder of our ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the underlying Class A ordinary shares which are represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as the holder of the underlying Class A ordinary shares which are represented by your ADSs. Upon receipt of your voting instructions, the depositary will endeavor to vote the Class A underlying Class A ordinary shares in accordance with your instructions in the event voting is by poll, and in accordance with instructions received from a majority of holders of ADSs who provide instructions in the event voting is by show of hands. The depositary will not join in demanding a vote by poll. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our sixth amended and restated memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven days. When a general meeting is convened, you may not receive sufficient advance notice to enable you to withdraw the underlying Class A ordinary shares which are represented by your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting or to vote directly with respect to any specific matter or resolution which is to be considered and voted upon at the general meeting. In addition, under our sixth amended and restated memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying Class A ordinary shares which are represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will, if we request, and subject to the terms of the deposit agreement, endeavor to notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying shares which are represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct the voting of the underlying Class A ordinary shares which are represented by your ADSs, and you may have no legal remedy if the underlying Class A ordinary shares are not voted as you requested.

Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not instruct the depositary how to vote such shares, which could adversely affect your interests.

Under the deposit agreement for our ADSs, the depositary will give us (or our nominee) a discretionary proxy to vote our Class A ordinary shares represented by your ADSs at shareholders' meetings if you do not give voting instructions to the depositary as to how to vote the Class A ordinary shares represented by your ADSs at any particular shareholders' meeting, unless:

- we have failed to timely provide the depositary with our notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted by the discretionary proxy on at the meeting may have an adverse impact on shareholders; or
- voting at the meeting is made on a show of hands.

The effect of this discretionary proxy is that, if you fail to give voting instructions to the depositary as to how to vote the Class A ordinary shares represented by your ADSs at any particular shareholders' meeting, you cannot prevent our Class A ordinary shares represented by your ADSs from being voted at that meeting, absent the situations described above, and it may make it more difficult for shareholders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement and the deposit agreement may be amended or terminated without your consent.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted by you in a state or federal court in New York, New York, and you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding instituted by any person. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. See "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares" for more information.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make such rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

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

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

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

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

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, a majority of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. See also " —You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under the Cayman Islands law" for risks associated with investing in us as a Cayman Islands company.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal laws. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

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

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (2021 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than copies of the memorandum and articles of association, the register of mortgages and charges, and any special resolutions passed by the shareholders) or to obtain copies of lists of shareholders of these companies. Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. Our directors will have discretion under the memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Our memorandum and articles of association contains anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A ordinary shares and ADSs.

Our memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADS holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

Our directors and officers have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

Our directors and officers collectively own an aggregate of 83.3% of our total voting power as of April 30, 2021. See “Item 6. Directors, Senior Management and Employees — E. Share Ownership.” As a result, they have substantial influence over our business, including significant corporate actions such as mergers, consolidations, election of directors and other significant corporate actions.

They may take actions that are not in the best interest of us or our other shareholders. This concentration of voting power may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise.

We are an emerging growth company and may take advantage of certain reduced reporting requirements.

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

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

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq Stock Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As an exempted company incorporated in the Cayman Islands, we have adopted certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq's corporate governance requirements; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq's corporate governance requirements.

As a Cayman Islands exempted company listed on the Nasdaq Global Market, we are subject to the Nasdaq listing standards. Section 5605(b)(1), Section 5605(c)(2) and Section 5635(c) of the Nasdaq Listing Rules requires listed companies to have, among other things, a majority of its board members to be independent, an audit committee of at least three members and shareholders' approval on adoption of equity incentive awards plans. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. We follow home country practices with respect to the requirements for the majority of the board being independent and maintaining an audit committee of at least three members. We have also adopted a new share incentive awards plan without shareholders' approval.

Our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq listing standards applicable to U.S. domestic issuers given our reliance on the home country practice exception.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules because Mr. Lei Sun, the chairman of our board of directors, owns more than 50% of our total voting power as of April 30, 2021. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules. As a result, you may not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

We believe that we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our taxable year ended December 31, 2020, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

Based on the market price of our ADSs and composition of our assets (in particular the retention of a substantial amount of cash), we believe that we were a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes for our taxable year ended December 31, 2020, and we will likely be a PFIC for our current taxable year ending December 31, 2021 unless the market price of our ADSs increases and/or we invest a substantial amount of cash and other passive assets we hold in assets that produce or are held for the production of non-passive income. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) 75% or more of its gross income for such year consists of certain types of "passive" income or (2) 50% or more of the value of its assets (as generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

If we were to be classified as a PFIC in any taxable year, a U.S. Holder (as defined in Item 10. Additional Information—E. — Taxation—United States Federal Income Taxation) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the U.S. federal income tax rules. Furthermore, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder's holding period in which we become a PFIC and subsequent taxable years even if, we, in fact, cease to be a PFIC in subsequent taxable years. Accordingly, a U.S. Holder of our ADSs or ordinary shares is urged to consult its tax advisor concerning the U.S. federal income tax consequences of an investment in our ADSs or ordinary shares, including the possibility of making a "mark-to-market" election. For more information, see "Item 10. Additional Information — E. Taxation — United States Federal Income Taxation.

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

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.07 billion in net revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. However, we have elected to "opt out" of the provision that allow us to delay adopting new or revised financial accounting standards and, as a result, we will comply with new or revised financial accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

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

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We initially conducted our business through Jiufu Shuke Technology Group Co., Ltd. ("Jiufu Shuke," formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd. and Jiufu Jinke Holdings Group Co., Ltd., successively), a PRC company incorporated in December 2006.

We restructured our corporate organization in 2014. In January 2014, we incorporated our current holding company in the Cayman Islands under the name of JIUFU Financial Technology Service Limited, which was later changed to 9F Inc. in June 2014. In February 2014, we incorporated Moore Digital Technology Information Service Limited (formerly known as JIUFU Financial Information Service Limited, "9F HK") in Hong Kong, as a wholly-owned subsidiary of 9F Inc. We incorporated Beijing Shuzhi Lianyin Technology Co., Ltd. ("Shuzhi Lianyin," formerly known as Beijing Jiufu Lianyin Technology Co., Ltd.), in June 2014 and Shanghai Shuzhi Lianyin Network Co., Ltd. (formerly known as Shanghai Jiufu Network Co., Ltd.), in August 2014 in China as wholly owned subsidiaries of 9F HK.

In August 2014, Shuzhi Lianyin obtained effective control over Jiufu Shuke and Beijing Puhui through a series of contractual arrangements. In July 2015, August 2015, June 2019, May 2020 and August 2020, we amended and restated some of the abovementioned contracts with then existing shareholders of Jiufu Shuke and Beijing Puhui. In April 2020, Zhuhai Xiaojin Hulian Technology Co., Ltd. ("Xiaojin Hulian") and Zhuhai Wukong Youpin Technology Co., Ltd. ("Wukong Youpin"), each a wholly-owned subsidiary of us in China, obtained effective control over Zhuhai Lianyin and Yi Qi Mai respectively through a series of new contractual arrangements (as amended). We terminated contractual agreements with respect to Beijing Jiufu Meihao Technology Co., Ltd. (currently known as Beijing Jinniu Zhixuan Technology Co., Ltd., or "Jinniu Zhixuan") in September 2020 when acquiring 100% equity interest in it. In March 2021, Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd. ("Qianhai Fuyuan," together with Shuzhi Lianyin, Xiaojin Hulian and Wukong Youpin, the "WFOEs"), a wholly-owned subsidiary of us in China, obtained effective control over Shenzhen Fuyuan through a series of new contractual arrangements. As a result of our direct ownership in our WFOEs and the contractual arrangements with Beijing Puhui, Jiufu Shuke, Zhuhai Lianyin, Yi Qi Mai and Shenzhen Fuyuan, which are our VIEs, we will be regarded as the primary beneficiary of our VIEs, and may treat them as our consolidated affiliated entities under U.S. GAAP. Accordingly, we will be able to consolidate the financial results of our VIEs in our consolidated financial statements in accordance with U.S. GAAP.

We currently conduct substantially all of our operations through our PRC and Hong Kong subsidiaries and our consolidated affiliated entities and their subsidiaries. We established three new VIEs, Yi Qi Mai, Zhuhai Lianyin and Shenzhen Fuyuan. The online lending platform business, which was a major part of our business, was mainly conducted by Beijing Jiufu, a wholly owned subsidiary of Jiufu Shuke. The loan products related business was mainly conducted by Xinjiang Teyi Shuke Information Technology Co., Ltd. ("Xinjiang Shuke," formerly known as Xinjiang Jiufu Onecard Information Technology Co., Ltd.), a wholly owned subsidiary of Yi Qi Mai through Beijing Lirongxing Commercial Trading Co., Ltd., ("Beijing Lirongxing"), and Zhuhai Onecard Xiaojin Technology Co., Ltd. ("Zhuhai Xiaojin," formerly known as Zhuhai Jiufu Xiaojin Technology Co., Ltd.), a wholly owned subsidiary of Zhuhai Lianyin. Shuzhi Lianyin provides technical support to our operations.

We started to offer offshore stock investment products to provide investors with access to stock trading opportunities in Hong Kong and the U.S. through Fuyuan Securities Limited, after we acquired the majority of its equity interest in August 2016. In 2018, we started to engage in the stock distribution business and provide investors with access to stock subscription opportunities in Hong Kong through Fuyuan Securities Limited. We provide insurance brokerage business in Hong Kong through Fuyuan Wealth Management Limited (formerly known as 9F Wealth Management Limited), a company we acquired in July 2017.

On August 15, 2019, our ADSs commenced trading on the Nasdaq Global Market under the symbol "JFU." We raised from our initial public offering approximately US$57.7 million in net proceeds after deducting underwriting commissions and discounts and the offering expenses payable by us.

In December 2020, we ceased publishing information relating to new offering of investment opportunities in fixed income products for investors on our online lending information intermediary platform, *Jiufu Puhui*. Pursuant to certain collaboration arrangements entered into by the Company and certain licensed asset management companies, the rights of investors in existing loans underlying our fixed income products will be transferred to such companies, with relevant repayment of the principals and investment income, as applicable, in relation to the fixed income products expected to be made by such asset management companies to the investors within 36 months in ways chosen by investors subject to terms and on the conditions set forth in the platform notice to the investors. After the change of business operations, *Jiufu Puhui* will no longer provide loan facilitation service, and licensed asset management companies and other third-party service providers will provide existing investors with services in relation to the return of their remaining investment in loans.

Our principal executive offices are located at Room 1607, Building No. 5, 5 West Laiguangying Road, Chaoyang District, Beijing 100012, People's Republic of China. Our telephone number at this address is +86 +86 (10) 8527-6996. Our registered office in the Cayman Islands is located at Maples Corporate Services Limited, P.O. Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding us that filed electronically with the SEC, which can be accessed at *http://www.sec.gov*. Our annual reports, quarterly results, press release and other SEC filings can also be accessed via our investor relationship website at *http://ir.9fgroup.com/*.

B. Business Overview

We once operated a leading digital financial account platform integrating and personalizing financial services and provided a comprehensive range of financial products and services across loan products, online wealth management products, and payment facilitation. After ceasing operation of our online lending information intermediary business, we are dedicated to a transformation into an internet technology company that focuses on fintech services, online wealth management technology services serving mid- and high-net-worth clients, online stock investment services in Hong Kong and consumer financing technology services in Southeast Asian countries.

Our Previous Products and Services

Digital Financial Account

We offered a single digital financial account for each user on our digital financial account platform, providing a comprehensive range of financial products and services. Our digital financial account provided a one-stop digital solution for users to address many of their financial needs including online lending, online wealth management and payment facilitation.

Loan Products

We offered loan products to borrowers. The loan products we offered to borrowers were funded by investors and institutional funding partners. Our loan products were generally unsecured. For revolving loan products and non-revolving loan products, our credit decisions were typically made within three minutes for first-time applicants and in real-time for repeat borrower drawdowns within the approved credit limits. Loan disbursements generally occurred on the business day after the loan application was approved. For our revolving loan products, borrowers could take out multiple loans within their approved credit limits. These features were essential to meet the borrowers' time-sensitive and recurring financial needs.

Revolving Loan Products

We offered a revolving loan product through *One Card*. In approving a *One Card* user, we made the credit decision regarding whether to extend credit, how much credit to extend (the credit limit) and the borrowing cost based on our review of the user's credit profile. We conducted credit re-assessment for each drawdown of the revolving loan products and charged a service fee for each drawdown.

Our *One Card* users drew upon approved credit limits to make online and offline transactions with our merchant partners. The approved credit limits could also be drawn to meet the users' other financial needs.

- *Online*: Users could draw upon approved credit limits to purchase goods on the *9F One Mall*, our proprietary online shopping platform providing products from third-party e-commerce platforms. Users could also withdraw cash from the approved credit limits to meet other financial needs.

- *Offline*: We partnered with China UnionPay, China's largest card payment organization, as well as commercial banks to offer virtual credit solutions through which our users could draw upon approved credit limits for general offline payments to merchants connected by China UnionPay.

The approved credit limits of our revolving loan products did not exceed RMB200,000. The applicable terms of our revolving loan products were 1 to 48 months.

We set user borrowing costs for our revolving loan products based on a proprietary, tiered credit pricing model. Key factors included the borrowers' credit history, transactional behaviors and other underwriting factors.

Non-revolving loan products

We offered fixed-term loan products that covered key consumption verticals such as home improvement, education, elective medical care services and consumer electronics. These loan products were often offered by us in collaboration with leading consumption-based lending platforms, including home improvement, education and elective medical care services.

The terms of our non-revolving loan products did not exceed 48 months. The applicable terms of our non-revolving loan for products were 1 to 48 months.

We priced our non-revolving products under our online lending information intermediary services similarly to how we priced our revolving loan products. In addition, the repayment of loan principal and interests, and the payment of prepayment fees and penalty fees, if applicable, were similar to the same under our revolving loan products.

Direct lending program

Loan products funded by institutional funding partners counted towards loan products under our direct lending program.

Online Wealth Management Products

We offered a suite of online wealth management products to investors across our online platforms, including *Wukong Licai*, *9F Wallet* (formerly known as *Jiufu Jinrong*) and *9F Puhui*. Our original online wealth management product was a fixed income product representing the loans we facilitated. In 2017, we expanded our product suite to include onshore and offshore investment options including stock, insurance, bank wealth management products and mutual funds.

Fixed income products

Our fixed income products represented investments in the loans we facilitated primarily through *One Card*. An investor could individually invest in the loans through our self-directed investing tool, or they could invest by leveraging our automated investing tool. We charge investors service fees. The minimum investment amount of our fixed income products is RMB100.0.

Investing Tools—Automated

Our investors could leverage our automated investing tools to invest in fixed income products. With our automated investing tools, an investor agreed to invest a specified amount of money (investment balance) to borrowers through our platform for a specified period of time (investment commitment period) with an expected rate of return. Once an investor committed funds using the tool, his or her funds were automatically allocated among approved borrowers. As an underlying loan was repaid within the investment commitment period, the realized funds would be automatically reinvested according to the investors' preset investing criteria. If an investment commitment period ended during the term of an underlying loan, we would facilitate the investor's exit on the investor's behalf by transferring his or her rights with respect to the underlying loans. Our automated investors tools would then arrange such loans to be funded by new investors making investments in our fixed income products, whom we matched to the underlying borrower. There was no guarantee that the transfer of the underlying loans at the end of the investment commitment period would be arranged successfully.

We offered fixed-income products with investment commitment periods mainly ranging from three months to four years with expected rates of return ranging from 6.0% to 12.0% per annum and a minimum commitment amount of RMB100. An investor would be repaid the principal and interest at the end of the investment commitment period which was non-extendable. However, an investor may elect to reinvest his or her funds in the form of subscription for a new fixed-income product before or upon the end of the current investment commitment period.

If a cash-out request was made by an investor within the investment commitment period, we had discretion to handle the transfer request on a case-by-case basis. Before October 2019, if the transfer was arranged successfully, the investor would receive the principal and the accrued interest as determined by the actual investment period, and we would charge an investor service fee for early termination. Since October 2019, if a cash-out request made by an investor within the investment commitment period met our pre-set conditions, such as human or system failure, and the loan transfer was arranged successfully, the investor would only receive the principal, while we would not charge service fees for early termination. There was no guarantee that the reinvestment and the transfer request of a loan made within the investment commitment period would be arranged successfully.

Investing Tools—Self-directed

Our investors could also leverage our self-directed investing tool to invest in fixed income products. Our self-directed investing tool enabled investors to manually select investment opportunities among approved borrowers posted on our platform. After selecting a desired loan, the investor then agreed to commit a certain amount of funds to a specific borrower through our platform until the maturity of the loan. Funds were transferred through the custodian bank from an investor's account to a borrower's account once the loan was fully subscribed. Any investor who wanted to withdraw committed funds prior to the maturity of the loan may transfer his or her rights in the loan on his or her own initiative. There was no guarantee that the transfer requests made prior to the maturity of the loans would be arranged successfully.

Payment facilitation and other products and services

We helped our *One Card* users pay credit card bills and household bills such as utilities bills using approved credit limits under *One Card*. In addition, we provided other value-added services including credit history search, debt consolidation and user referral services.

Our Business and Services

Digital Securities Service

We currently hold SFO Type 1, Type 4, Type 5 and Type 9 Licenses in Hong Kong through our subsidiary, Fuyuan Securities Limited. Benefiting from our technology capability, we aim to establish a new type of internet-based securities investment platform that offers convenient and effective global asset allocation services, especially offshore securities investment services, to individual investors so as to connect them with Hong Kong and U.S. stock market. Fuyuan Securities Limited is a licensed entity that provides through its "Fuyuan Global" App and PC software securities investment and related services such as:

- real time trading information and professional news push notification services in relation to Hong Kong- and U.S.-listed securities;
- online whole-process account opening service that satisfies Hong Kong SFC requirements using facial recognition and e-signatures;
- convenient transfer, FPS and EDDA deposit and withdrawal service;
- multi-category trading services that help investors' to seize market opportunities;
- comprehensive account design services that afford investment opportunities in a wide array of securities and securities markets; and
- 24/7 investment consulting services based on artificial intelligence technologies.

We aim to provide a richer investment portfolio to investors through applications for more licenses and expansion of service offerings, and more effective and powerful "one account, global investment" one-stop service offerings.

In addition, we hold a Hong Kong insurance brokerage license through our subsidiary Fuyuan Wealth Management Co., Ltd. (formerly known as Jiufu Wealth Management Co., Ltd.), an insurance brokerage license through our subsidiary Jiuxing Insurance Brokers Co., Ltd., and a fund sales license through CSJ Golden Bull (Beijing) Investment Consulting Co., Ltd. Relying on existing licenses, we cooperate with fund managers, asset management companies, trust companies, securities companies, insurance companies, commercial banks, policy banks and other financial institutions and service institutions to provide Chinese high-net-worth individuals, family and institutional investors global wealth management and investment advisory services.

Technology Empowerment Services

By deploying our accumulated financial technologies, especially the advanced artificial intelligence algorithms such as machine learning, community discovery, NLP voice recognition, and enhanced ML automation model training etc., we provide our partners with technology empowerment services with respect to user acquisition, risk management, consumption scenario perception and comprehension and data modeling. With such technologies rendered to our partners, we expect to help them improve their ability for user acquisition, user filtering, user operation management and risk management, and reduce their user acquisition costs, promote their user conversion and enhance their profitability.

In 2019, we officially launched our proprietary platform that integrates our core artificial intelligence, cloud and blockchain technologies. Such platform provides our financial institution partners and merchant partners with highly customized modularized service packages. We have also launched a SaaS version of this platform to drive our expansion into Southeast Asia and other international markets. We have also been working closely with licensed financial institutions, such as Hubei Consumption Financial Company, by providing them with user acquisition and credit assessment assistance, as well as consultation services. Benefiting from our well-developed risk management and data analysis technology, we are in a superior position to help financial institutions to acquire potential borrowers that may fit their client profile, and our deep insight on the financial industry as a long-standing provider of digital finance solutions enable us to provide high quality consultation and integrated technology solutions to financial institutions. Since our inception, we have served over 70 commercial banks with relevant services purchased by nearly ten thousand of their local branches, and are actively seeking opportunities to collaborate with well-known banks overseas. In addition, the risk management system developed by us has been widely used in banking, automobile, securities investment and insurance industries.

We have carried out compliance efforts that affords wide coverage in Southeast Asia. For example, we have obtained the P2P license in Indonesia approved by OJK, and our Indonesian joint venture company has had its Multi-Finance license conditionally approved by OJK pending completion of the joint venture shareholding structure change and operational readiness assessment; further, we have cooperated with our partners to hold a personal loan license (unsecured personal loan), Nano loan license (unsecured business owner loan) approved by Bank of Thailand and e-commerce license (e-commerce retail business) in Thailand. We also cooperate with well-known local financial institutions in Southeast Asia to provide technical and operational-related services for the consumer finance and e-commerce industries.

We have been actively involved in development of our technologies such as blockchain technologies, through in-house research & development and investment in other emerging technology companies.

Information Technology and Data Protection

Our success is, in part, dependent upon our strong, secure and scalable technology capabilities across data science, artificial intelligence and cloud computing. Principal components of our advanced information technology include:

- *Data science.* Data science is at the heart of our business:
    - We have massive data sets. As of December 31, 2020, we have accumulated nearly 6 petabytes of data.
    - We leverage advanced analytical methods such as artificial intelligence specifically machine learning around data analysis. Critical applications include fraud detection, optimization of resource allocation and improvement of operational efficiency.
- *Security.* We are committed to maintaining a secure online platform:
    - We carefully protect user information. For any transmission of user information, we use data encryption to ensure confidentiality. We employ data slicing and distribute the storage of a user’s data points across several servers. The encryption of our applications is reinforced to prevent any attempt of de-coding or counterfeiting.

- We have built a firewall that monitors and controls incoming and outgoing platform traffic and defends against distributed denial-of-service attacks. Once any abnormal activity is detected, our system will immediately notify our IT team while automatically activating our third-party traffic control service to prevent any harm to our platform.

- We have adopted a series of policies on internal controls over information systems, including physical security measures, such as entry and equipment control, and network access management, such as identification, authentication and remote access control.

- We conduct periodic reviews of our technology platform, identifying and correcting problems that may undermine our system security.

- *Cloud-based services and computing capabilities.* We employ cloud-based computing for our user-facing systems and services. This ensures our systems can scale with our growth, that we can remain flexible with limited maintenance and that we can customize certain applications where necessary. As of December 31, 2020, we have deployed 2,442 servers with 6,458 terabytes of storage space, supported by an optimized algorithm of border gateway protocol, which enables us to quickly adjust resources to meet fluctuating or unpredictable system demands.

- *Artificial intelligence.* We have invested considerably in the research and development of artificial intelligence. We established an in-house artificial intelligence institute bringing together more than fifty experts recruited from both leading technology companies and academia. We have commercially applied artificial intelligence technology not only in fraud detection but also in smart customer service and automatic product recommendations. For example, we have successfully deployed customer service robots to answer questions from our users.

- *System stability.* We maintain redundancy through a real-time multi-layer data backup system to ensure the reliability of our network. Our platform adopts modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functionality of other components. This makes our platform both highly reliable and scalable, and prevents potential system failures caused by system error of a single component.

- *Scalability.* With modular architecture, our platform can be easily expanded as data storage requirements and user visits increase. In addition, load balancing technology helps us improve distribution of workloads across multiple computing components, optimizing resource utilization and minimizing response time.

- *Automation and blockchain technology.* Our analyzing tool is highly automated. We leverage over one thousand attribute-based rules, with real time model sample updates based on automatic pattern recognition.

In addition to the foregoing technologies we employ to support our highly automated platform, we have taken various measures to ensure uninterrupted operation of our platform. For example, we adopt self-healing technology enabling our system to perceive malfunctions and make necessary adjustments to restore normal operational capacity without human intervention. Also, our system integrates with systems of the multiple data providers who serve as backups for each other. If services provided by one data provider are suspended, our system will shift to the backup sources automatically to ensure no interruption to our operation.

We have invested in the commercialization and application of emerging new technologies such as blockchain technology, including payment processing and infrastructure provision.

Sales and Marketing

We benefit from a large user base and strong brand recognition in China, helping to drive word-of-mouth marketing. As a supplement to word-of-mouth marketing, we also employ advertising campaigns through online marketing channels, including:

- *General online marketing.* Our general online marketing relies mainly on data driven search engine marketing and displaying advertisements on portal websites. In addition, we promote our brand and software through our corporate pages on popular interactive social media platforms.

- *Online video platforms.* We collaborate with a number of major television producers and online video platforms to conduct brand promotion, often targeting where we can match our target demographics with the audiences of television and video audiences.

- *User referrals*. We acquire users through user referrals by giving certain benefits to existing users if they can successfully invite others to become our active users.

- *Partner referrals.* We acquire certain users through partner referrals.

Internationalization

We have established operations in Hong Kong and Southeast Asia and established deeper cooperation with local financial institutions where we see meaningful opportunities relating to the export of our advanced and robust technology capabilities. We are expanding our footprint overseas and have acquired businesses and established operations in countries in Southeast Asia covering Indonesia, Thailand, Vietnam and Singapore. In particular, starting from 2019, driven by our strategy focusing on technology empowerment, we have enhanced our business development in Indonesia and Thailand, which allow us to cross sell more products and services and monetize our advanced and robust technology capabilities. Furthermore, in 2019, we established cooperation with the Thailand branch of Commerce International Merchant Bank, a major bank in Southeast Asia with headquarter in Kuala Lumpur, to provide our proprietary risk management technologies in tiered pricing and anti-fraud modeling. We have obtained a few key financial service licenses in Hong Kong, Indonesia and Thailand, and we plan to apply for additional licenses that are critical for executing our business strategies. We established a research and development center in Shenzhen during the third quarter of 2019 to build an artificial intelligence and risk management team that is dedicated to streamlining our support for overseas markets, strengthening our risk management capabilities, and developing new and innovative modules and applications for our overall business development.

Competition

The industries we are operating in are competitive and evolving. For example, with respect to online wealth management products, we compete with market players such as internet ecosystem owners providing cash management and quasi fixed income products, online third-party financial brokers and information providers, and marketplace lending platforms. Some of our larger competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their development. Our competitors may also have more extensive user bases, greater brand recognition and brand loyalty and broader partner relationships than us. We believe that our ability to compete effectively for users and other partners depend on many factors, including the variety of our products and services, user experience on our platform, our technological capabilities, the risk-adjusted returns offered to investors, our partnership with third parties, our marketing and selling efforts and the strength and reputation of our brand.

Furthermore, as our business grows, we face significant competition for highly skilled personnel, including management, engineers, product managers and risk management personnel. The success of our growth strategies depends in part on our ability to retain existing personnel and add additional highly skilled employees.

Intellectual Property

We rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of December 31, 2020, we have registered 551 trademarks with the Trademark Office of the PRC National Intellectual Property Administration, or the Trademark Office, 386 software copyrights with the PRC National Copyright Administration, and 168 domain names. Furthermore, we are in the process of applying for trademark registrations in Hong Kong, Indonesia, Thailand and Vietnam.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology.

In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry— We may not be able to prevent unauthorized use of our intellectual property and may be subject to intellectual property infringement claims, which could reduce demand for our services, adversely affect our revenues and harm our competitive position.” and “ Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.”

Seasonality

We may experience seasonality in our business, reflecting seasonal fluctuations in internet usage and traditional personal consumption patterns. While our rapid growth has somewhat masked this seasonality, our results of operations could be affected by such seasonality in the future.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China or our shareholders’ rights to receive dividends and other distributions from us.

Regulations Related to Our Business Operation in China

Regulations Related to Foreign Investment

On January 1, 2020, the PRC Foreign Investment Law and the Regulations for Implementation of the PRC Foreign Investment Law, or the Implementation Regulations, came into effect and became the principal laws and regulations governing foreign investment in the PRC, replacing the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations.

According to the PRC Foreign Investment Law, “foreign investment” refers to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in the PRC, including the following circumstances: (i) the establishment of foreign-invested enterprises in the PRC by foreign investors solely or jointly with other investors, (ii) a foreign investors’ acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in the PRC, (iii) investment in new projects in the PRC by foreign investors solely or jointly with other investors, and (iv) investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Pursuant to the PRC Foreign Investment Law, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will consist of a list of industries in which foreign investments are prohibited and a list of industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The most recent version of the negative list was issued in July 2020.

PRC Foreign Investment Law and the Implementation Regulations allow foreign-invested enterprises established prior to January 1, 2020 and having corporate structure and governance inconsistent with the PRC Company Law or the PRC Partnership Enterprise Law, as applicable, to maintain their corporate structure and governance within a five-year transition period, but require adjustment for compliance with the PRC Company Law or the PRC Partnership Enterprise Law, as applicable, shall be completed prior to the expiration of such transition period.

Foreign investors and foreign investment enterprise are also required to submit information reporting in accordance with the PRC Foreign Investment Law and the Implementation Regulations and will be imposed legal liabilities for failure to comply with such requirements.

The NDRC and MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment on December 19, 2020, which became effective on since January 18, 2021. Pursuant to the Measures for the Security Review of Foreign Investment, the NDRC and MOFCOM will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or could have an impact on national security shall be subject to security review by such working mechanism office. The Measures for the Security Review of Foreign Investment further requires that a foreign investor or its domestic affiliate shall apply for clearance of national security review with the working mechanism office before they conduct any investment into any of the following fields: (i) investment in the military industry or military-related industry, and investment in areas in proximity of defense facilities or military establishment; and (ii) investment in any important agricultural product, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technologies and internet products and services, important financial services, critical technologies and other important fields which concern the national security where actual control over the invested enterprise is obtained.

Regulations Related to Insurance Brokerage and Internet Insurance

The primary regulation governing the insurance intermediaries is the Insurance Law of the PRC, or the Insurance Law, as amended on April 24, 2015. According to the Insurance Law, the China Insurance Regulatory Commission, or the CIRC (currently known as the China Banking and Insurance Regulatory Commission, or CBIRC), is the regulatory authority responsible for the supervision and administration of the PRC insurance companies and the intermediaries in the insurance sector, including insurance agencies and brokers.

On February 1, 2018, the CIRC promulgated the Provisions on the Regulation of Insurance Brokers, which became effective on May 1, 2018 and replaced the Provisions on the Supervision and Administration of Insurance Brokerages promulgated by the CIRC in September 2009 and amended in October 2015. “Insurance brokers,” as defined by the Provision on the Regulation of Insurance Brokers, cover such institutions (including insurance brokerage companies and their branches) that tender intermediary services to insurance policyholders in consideration of commissions in the process of insurance contract formation with insurance companies. Pursuant to the Provisions on the Regulation of Insurance Brokers, the establishment and operation of an insurance broker must meet the qualification requirements specified by the CIRC, obtain approval from the CIRC and be licensed by the CIRC. Specifically, the paid-in registered capital of a cross-province insurance brokerage company at least must be RMB50 million and that for an intra-province insurance brokerage company (the one only operates within the province in which it is registered) at least must be RMB10 million.

In addition, as an operation requirement, an insurance broker has to register the practice of its insurance brokerage practitioners as required. An “insurance brokerage practitioner” is defined by the Provisions on the Regulation of Insurance Brokers as such person within an insurance broker (i) who is to draft insurance plans for policyholders or the insured, to handle the insurance procedures and to assist in the claims for compensation, or (ii) who is to provide the clients with consultation services regarding disaster and loss prevention, risk assessment and risk management, and to engage in reinsurance brokerage and other business.

According to the administrative guidelines published by the CIRC on its official website and other relevant PRC regulations, a foreign investor must satisfy the following requirements before it can invest in the insurance brokerage industry: (i) it should be a foreign insurance broker with more than thirty years of experience in operation of commercial institutions within the territories of World Trade Organization members; and (ii) its total assets shall be no less than US$200 million as of the end of the year prior to its application.

On December 14, 2020, the CBIRC promulgated the Regulatory Measures for Online Insurance Business, or the Regulatory Measures, which became effective on February 1, 2021 and supersedes the Interim Regulatory Measures for Internet Insurance Business promulgated by the CIRC on July 22, 2015. The Regulatory Measures stipulates that only insurance companies and professional insurance intermediaries established upon approval by insurance regulatory authorities and registered could provide internet insurance services, such as providing insurance products consultation services, assisting policyholders with selecting insurance products, calculating insurance premiums, drafting insurance plans for policyholders and processing insurance application formalities. It also provides that insurance intermediaries are required to manage their marketing activities and retain records of online insurance transactions. In addition, it sets a higher standard for insurance intermediaries that conduct online insurance business to improve IT infrastructure and cybersecurity protection. The Regulatory Measures sets out a ramp-up process allowing the insurance institutions to achieve full compliance in phases until February 1, 2022. Pursuant to the Regulatory Measures, the insurance institutions shall (i) complete the rectification of the issues on internal protocols, marketing activities, sales management and information disclosure within three months from the effective date of the Regulatory Measure; (ii) complete the rectification of other issues on business and operation within six months from the effective date thereof; and (iii) complete the authentication of classified cybersecurity protection of its self-operated online platform within twelve months from the effective date of the Regulatory Measure.

On June 22, 2020, the CBIRC published the Notice on Regulating the Backtracking Management of Online Insurance Sales Behavior, or Online Insurance Sales Notice, with effect from October 1, 2020. The Online Insurance Sales Notice sets out requirements on various aspects of online sales by insurance institutions, including sales practices, record-keeping for backtracking sales, and disclosure requirements. For example, the Online Insurance Sales Notice requires that online sales pages should be displayed only on insurance institutions' self-operated online platforms and should be separated from non-sales pages. Insurance institutions should keep records for five years after the expiry of the policy for policies with a term of one year or less and for ten years for policies with a term longer than one year for purposes of backtracking sales. It also requires that important insurance clauses should be presented on a separate page and be confirmed by policyholders or the insured.

Jiuxing Insurance Brokerage Co., Ltd. (formerly known as Ruifeng Insurance Brokerage Co., Ltd.), or Jiuxing Insurance, which is a subsidiary of one of our variable interest entities, holds a license to conduct insurance brokerage business. Jiuxing Insurance started to sell onshore insurance products in the fourth quarter of 2019 and suspended the sales due to our business adjustment in 2020.

Regulations Related to Online Sales of Securities Investment Funds

The Securities Investment Fund Law of the PRC, or Securities Investment Fund Law, which was promulgated by the Standing Committee of the National People's Congress on December 28, 2012 and amended with immediate effect on April 24, 2015, provides the legal framework for regulating securities investment funds. The Securities Investment Fund Law sets out the eligibility requirements and responsibilities of publicly-offered funds' managers and of their directors, supervisors and senior management. It also regulates various aspects of publicly-offered funds' operations and organization, including offering process, trading of fund units, subscription and redemption. For example, the Securities Investment Fund Law requires that any agencies that engages in the fund services, including but not limited to sales, investment consulting, information technology system services, shall be registered or filed with the provisions of the securities regulatory authority of the State Council.

On December 17, 2015, CSRC and PBOC promulgated the Measures for the Supervision and Administration of Money Market Funds, or the Money Market Funds Measures, which became effective on February 1, 2016. Pursuant to the Money Market Funds Measures, money market fund, or MMF, refers to a fund invested in money market instruments and authorized to subscribe for and redeem fund shares on each trading day. Pursuant to the Money Market Funds Measures provides as a general rule that no person may engage in the fund sales promotion, share offering, subscription, redemption or other related activities without relevant fund sales business qualifications granted by CSRC. In addition, several disclosure rules must be observed during the fund sales business. When fund managers, fund sales agencies and internet companies cooperate to conduct online sales of MMFs, certain information (e.g., the providers of fund sale services, potential investment risks and the names of MMFs being sold) shall be disclosed in a conspicuous way to the investors. And for fund managers, fund sales agencies, fund sales payment institutions and internet companies which provide to investors quick redemption or other value-added services, they must fully disclose the rules of such services such as those regarding the expenses and restrictions, and shall not exaggerate the convenience of such services, Further, the fund managers, fund sales agencies and internet companies shall explicitly agree on certain terms, which include the scope of cooperation, the legal relationships, information security, client information protection, legal compliance, emergency response mechanisms, prevention of illegal securities activities, post-termination operation schemes, delinquency liabilities and the protection of investors' rights and interests. The Measures for Supervision and Administration of Sales Agencies for Publicly-offered Securities Investment Funds, which was promulgated by the CSRC on August 28, 2020 and became effective on October 1, 2020, further regulates that securities companies and other institutions, subject to satisfaction of the relevant requirements, may apply for business qualification for sales of funds from the local branches of the CSRC.

We have taken and will continue to take proper measures to ensure compliance with applicable laws rules and regulations, including those on disclosure and information filing. We cannot assure you that our current operation model will not be deemed as operating fund sales business in China, which may subject us to further inquiries or rectifications. See "Risk Factors—Risks Related to Our Business and Industry—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related or fintech-related businesses and companies, and any lack of requisite approvals, licenses, permits or filings applicable to our business may have a material adverse effect on our business and results of operations.

Regulations Related to the Engagement of Securities Business within the Territory of the PRC by Foreign-Invested Securities Companies

On December 29, 1998, the Standing Committee of the National People's Congress, or the SCNPC, promulgated the Securities Law of the PRC, or the Securities Law, and most recently amended on December 28, 2019 and became effective on March 1, 2020, governs all the issuance or trading of shares, corporate bonds or any other securities approved by the State Council within China. No entities or individuals shall engage in securities business in the name of a securities company without the approval by the securities regulatory authority of the State Council.

The State Council promulgated the Regulations on the Supervision and Administration of Securities Companies on April 23, 2008 and most recently amended on July 29, 2014, which clarifies that the operation of securities businesses or establishment of representative agencies in China by foreign-invested securities companies shall be subject to the approval of the securities regulatory authority of the State Council.

We redirect our users and clients to open accounts and make transactions outside China, which may be considered as "engaging in securities business within the territory of the People's Republic of China" and an approval from State Council securities regulatory authority may be required. See "Risk Factors—Risks Related to Our Business and Industry—We do not hold any license or permit for providing securities brokerage business in China. Although we do not believe we engage in securities brokerage business in China, there remain uncertainties to the interpretation and implementation of relevant PRC laws and regulations."

Regulations Related to Securities Investment Consulting Business

On December 25, 1997, the CSRC issued the Interim Measures for the Administration of Securities or Futures Investment Consulting, or the Interim Measures for Securities Investment Consulting, which became effective on April 1, 1998. According to the Interim Measures for Securities Investment Consulting, the securities investment consulting service means any analysis, prediction, recommendations or other directly or indirectly charged consulting services provided by securities investment consulting institutions and their investment consultants to securities investors or clients, including: (i) to accept any entrustment from any investor or client to provide securities or futures investment consulting services; (ii) to hold any consulting seminar, lecture or analysis related to securities or futures investment; (iii) to write any article, commentary or report on securities or futures investment consultancy in any newspaper or periodical, or to provide securities or futures investment consulting services through media such as radio or television; (iv) to provide securities or futures investment consulting services through telecommunications facilities such as telephone, fax, computer network; and (v) other forms recognized by the CSRC. In addition, all institutions shall obtain the operation permits issued by the CSRC and all person must obtain professional qualification as a securities investment consultant and joining a qualified securities investment consulting institution before engaged in securities investment consulting service.

On October 11, 2001, the CSRC promulgated the Notice with Respect to Certain Issues on Regulating the Securities Investment Consulting Services Provided for the Public, which became effective on the same day and was amended on October 30, 2020, stipulates that media which disseminate securities-related information shall not publish or broadcast any analysis, prediction or recommendation in respect of the trends of securities markets and securities products, as well as the feasibility of the securities investment made by any institution which does not obtain the operation permits for securities investment consulting services from CSRC or any individual who is not employed by a qualified securities investment consulting services institution and who does not satisfy the relevant professional requirements. Any media in violation of the foregoing stipulation will be subject to reprimand or exposure by the CSRC, or be transferred to competent department or judicial organ for further handling.

On December 5, 2012, the CSRC published the Interim Provisions on Strengthening the Regulation over Securities Investment Consulting Services by Using “Stock Recommendation Software” Products, or the Interim Provisions, which came into effect on January 1, 2013 and was amended on October 30, 2020. Pursuant to the Interim Provisions, “stock recommendation software” are defined as any software products, software tools or terminal devices with one or more of the following securities investment consulting services: (i) providing investment analysis on specific securities investment products or predicting the price trends of specific securities investment products; (ii) recommending the selection of specific securities investments products; (iii) recommending the timing for trading specific securities investments products; and/or (iv) providing other securities investment analysis, prediction or recommendations. Therefore, selling or providing “stock recommendation software” products to investors and directly or indirectly obtain economic benefits therefrom shall be considered as engaging in securities investment consulting business and the operation permits for securities investment consulting services from CSRC shall be obtained.

We cannot assure that any information or content provided on our website and mobile application in China will not be considered as engaging in investment consulting business for providing the public with securities analysis, forecast or recommendations through the forum or broadcasting of pre-recorded videos. See “Risk Factors—Risks Related to Our Business and Industry—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related or fintech-related businesses and companies, and any lack of requisite approvals, licenses, permits or filings applicable to our business may have a material adverse effect on our business and results of operations.”

Regulations Related to Anti-money Laundering

The PRC Anti-money Laundering Law, or the AML Law, promulgated by the Standing Committee of the National People's Congress on October 31, 2006 and effective since January 1, 2007, sets forth the principal anti-money laundering requirements applicable to financial institutions as well as non-financial institutions with anti-money laundering obligations, including the adoption of precautionary and supervisory measures, establishment of various systems for client identification, retention of clients' identification information and transactions records, and reports on large transactions and suspicious transactions. Pursuant to the PRC Anti-money Laundering Law, financial institutions subject to the PRC Anti-money Laundering Law include banks, credit unions, trust investment companies, stock brokerage companies, futures brokerage companies, insurance companies and other financial institutions specified by the State Council, while the list of the non-financial institutions with anti-money laundering obligations will be published by the State Council. The PBOC and other governmental authorities issued a series of administrative rules and regulations to specify the anti-money laundering obligations of financial institutions and certain non-financial institutions, such as insurance brokerage companies, insurance agencies and payment institutions. However, the State Council has not promulgated a list of the non-financial institutions subject to anti-money laundering obligations.

CIRC promulgated the Administrative Measures for the Anti-money Laundering Work in the Insurance Industry, or the Insurance AML Measures, on September 13, 2011, to set forth anti-money laundering requirements applicable to insurance companies, insurance assets management companies, insurance agencies and insurance brokerage companies. Insurance brokerage companies are required to provide insurance companies with customer identification information, and if necessary, copies of identification cards or other identification documents of customers, establish an internal control system for anti-money laundering, conduct anti-money laundering training, properly deal with major money-laundering cases involving them, cooperate during anti-money laundering supervision, inspections, administrative investigations, and criminal investigations, and keep confidential information related to anti-money laundering investigations. The senior management officers of insurance brokerage companies are also required to be familiar with anti-money laundering laws and regulations.

On October 10, 2018, the PBOC, the CIRC and the CSRC jointly promulgated the Administrative Measures for Anti-money Laundering and Counter-terrorism Financing by Internet Finance Service Agencies (for Trial Implementation), effective as of January 1, 2019, which specify the anti-money laundering obligations of internet finance service agencies and regulate that the internet finance service agencies shall (i) adopt continuous customer identification measures; (ii) implement the system for reporting large-value or suspicious transactions; (iii) conduct real-time monitoring of the lists of terrorist organizations and terrorists; and (iv) properly keep the information, data and materials such as customer identification and transaction reports etc.

We have formulated and adopted certain policies and procedures, including internal controls and "know-your-customer" procedures, aimed at preventing money laundering and terrorism financing. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Any failure by our third-party service providers to comply with applicable anti-money laundering and anti-terrorism financing laws and regulations could damage our reputation."

Regulations Related to Value-added Telecommunication Services

General administration of value-added telecommunication services

On September 25, 2000, the State Council promulgated the Telecommunication Regulation of the People's Republic of China, or the Telecom Regulation, which was amended on July 29, 2014 and February 6, 2016 respectively. The Telecom Regulation is the primary PRC regulation governing telecommunication services and sets out the general regulatory framework for telecommunication services provided by PRC companies. The Telecom Regulation requires telecommunication service providers to obtain from the MIIT or its provincial level counterparts an operating license prior to the commencement of their operations. The Telecom Regulation categorizes telecommunication services into basic telecommunication services and value-added telecommunication services. Pursuant to the Telecom Regulation, value-added telecommunication services are defined as telecommunication and information services provided through public networks.

The Catalogue of Telecommunication Business, or the Telecom Catalogue, which was issued as an attachment to the Telecom Regulation and updated in February 21, 2003, December 28, 2015 and June 6, 2019, respectively, further categorizes value-added telecommunication services into Class 1 value-added telecommunication services and Class 2 value-added telecommunication services.

On July 3, 2017, MIIT issued the Administration Measures for the Licensing of Telecommunication Business, or the Telecom License Measures, which became effective on September 1, 2017 and replaced and repealed the administrative measures for telecommunication business operating permit promulgated on March 1, 2009. Pursuant to the Telecom License Measures, a commercial operator of value-added telecommunication services must first obtain an operating license for value-added telecommunication business, or the VATS License. The Telecom License Measures also provides that an operator providing value-added services in multiple provinces is required to obtain an inter-regional VATS License, whereas an operator providing value-added services in one province is required to obtain an intra-provincial VATS License. The Telecom License Measures further sets forth the qualifications and procedures for obtaining VATS License. Pursuant to the Telecom License Measures, any telecommunication services operator must conduct telecommunication business pursuant to the type and within the scope of business as specified in its VATS License.

Regulations related to internet information services and online data processing and transaction processing services

Pursuant to the Telecom Catalogue, both online data processing and transaction processing services and internet information services fall within Class 2 value-added telecommunication services.

The "online data processing and transaction processing services" mean the online data processing and transaction/affair processing services provided for users through public communication networks or the internet, using various kinds of data and affair/transaction processing application platforms connected to various kinds of public communication networks or the internet. Online data processing and transaction processing services include transaction processing services, electronic data interchange services and network/electronic equipment data processing services. A telecommunication services operator engaged in online data processing and transaction processing services shall obtain a VATS License for "online data processing and transaction processing services," or the EDI License.

The "information services" refer to the information services provided for users via the public communication network or the internet and by the information collection, development, processing and construction of information platforms. By technical service methods of information organization, transmission, etc., the "information services" are classified into information release platforms and transmission services, information retrieval and inquiry services, information community platform services, instant information interaction services as well as information protection and processing services. The Administrative Measures on Internet Information Services, or the Internet Content Measures, which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, sets out guidelines on the provision of internet information services. The Internet Content Measures classifies internet information services into commercial internet information services and non-commercial internet information services. Pursuant to the Internet Content Measures, commercial internet information services refer to the service activities of compensated provision to online subscribers through the internet of information or website production; non-commercial internet information services refer to the service activities of non-compensated provision to online subscribers through the internet of information that is in the public domain and openly accessible. The Internet Content Measures requires that a provider of commercial internet information services shall obtain a VATS License for internet information services, or the ICP License. The Internet Content Measures further requires that a provider of non-commercial internet information services shall carry out record-filing procedures with the provincial level counterparts of the MIIT. Moreover, pursuant to the Internet Content Measures, internet information service providers shall post their ICP License numbers or record-filing numbers in a prominent place on the homepage of their websites. In addition, the Internet Content Measures specifies a list of prohibited content. Internet information service providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. Internet information service providers must monitor and control the information posted on their websites. If any prohibited content is found by an internet information service provider, it must immediately stop the transmission thereof, save the relevant records and make a report thereon to the relevant authority of the State. Pursuant to the Internet Content Measures, internet information service providers that violate such prohibition may face criminal charges or administrative sanctions.

A subsidiary of our variable interest entities, Jiufu Puhui, which previously operated our online lending information intermediary services platform, *Jiufu Puhui*, has obtained an ICP License which will remain effective until January 10, 2022. Jiufu Shuke, one of our variable interest entities, has also obtained an ICP License which will remain effective until March 9, 2022. Beijing Jiufu Meihao Technology Co., Ltd. and Shenzhen Premium Quality Mall Technology & Trade Co., Ltd., two subsidiaries of our variable interest entities, have obtained the EDI License.

Regulations related to E-commerce

On January 26, 2014, SAIC adopted the Administrative Measures for Online Trading, or the Online Trading Measures, which took effective on March 15, 2014. Under the Online Trading Measures, enterprises or other operators which engage in online commodities trading and other services and have been registered with SAIC must make available to the public the information stated in their business licenses directly or through a hyper-link on their websites which link to their business licenses online. The online commodities operators must adopt measures to ensure safe online transactions and shall fully and accurately disclose information of the business operator and the commodities, including contact information, quantity and quality of commodities and services, price and payment, return and replacement of commodities, and safety precautions. At any time within seven days from the date after receipt of the commodities purchased online, a consumer is entitled to refund at will the commodities except for those that by nature are not suitable for return, which include customized commodities, fresh and perishable commodities; computer software, audiovisual products downloaded online or the ones purchased offline but already unpackaged by consumers and other digital commodities; and newspapers and journals that have been delivered. The online commodity business operator shall, within seven days upon receipt of the returned commodities, refund the price paid by consumers. In addition, an online commodities business operator shall not, by virtue of contract terms, technical measures or other means, force consumers to enter into transactions with them, or during transactions set out provisions that are not fair to consumers, such as those to exclude or limit consumers' rights, to relieve or exempt the operators from responsibilities, and to increase the consumers' responsibilities. Moreover, online shopping platform operators are required to examine and verify the identifications of the online commodities operators and set up and keep relevant records for at least two years. Any online shopping platform operator that simultaneously engages in online trading for products and services should clearly distinguish itself from other online commodities operators on the shopping platform. In addition, on March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Transactions, or Online Transactions Measures, which will take effect from May 1, 2021, simultaneously repealed the Online Trading Measures, providing more detailed requirements for the operators and platforms, such as clarifying the specific acts infringing consumers' personal information in online transactions and the prohibited contents contained in the standard terms used by the operators, and elaborating the measures shall be applicable to the operating activities of selling goods or providing services through social network and network live-streaming. In particular, the Online Transaction Measures require that online transaction operators shall not force customers, whether or not in a disguised manner, to consent to the collection and use of information not directly related to their business activities by means of one-off general authorization, default authorization, bundling with other authorizations, or the suspension of installation and use. Otherwise, such online transaction operator may be subject to fines and consequences under related laws and regulations, including without limitation, suspension of business for rectification and revocation of permits and licenses.

In addition, the National People's Congress promulgated the E-commerce Law of the People's Republic of China, or the E-commerce Law on August 31, 2018, which took effect on January 1, 2019. The E-commerce Law clarifies some obligations for the E-commerce operators. For example, among other things, an E-commerce operator shall (i) disclose its business license and other administrative licenses related to its business or a link to the above information at a prominent place on the homepage of the platform; (ii) fully and accurately disclose information related to commodities and services offered on its platform in a timely manner; (iii) inform the users in a clear, comprehensive and explicit manner of the steps to conclude a contract, cautions, how to download the contract, etc., and ensure that users are able to read and download them conveniently; (iv) enable the users to make any corrections before orders are submitted; (v) disclose the methods and procedures for inquiring, correcting and deleting users' information and deregistering users' accounts, and not set unreasonable for such inquiry, correction, deletion and de-registration; and (vi) provide relevant e-commerce data to competent authorities as required by such authorities pursuant to laws and administrative regulations. The E-Commerce Law also specifically provides certain obligations for operators of e-commerce platform like us. Pursuant to the E-Commerce Law, e-commerce platform operators are required to (i) take necessary actions or report to relevant competent government authorities when such operators notice any illegal production or services provided by merchants on the e-commerce platforms; (ii) verify the identity of the business operators on the platforms; (iii) provide identity and tax related information of merchants to local branches of State Administration of Market Regulation and tax bureaus; or (iv) record and preserve goods and service information and transaction information on the e-commerce platform. If we fail to perform above obligations as the operator of e-commerce platform from time to time, we may be required to make corrections within the certain time limits and face fines or even restrictions on our business activities. In addition, for goods and services provided via e-commerce platforms that are pertinent to the life and health of consumers, e-commerce platform operators shall bear relevant responsibilities, which may give rise to civil or criminal liabilities if the consumers suffered damages due to the e-commerce platform operators' failure to duly verify the qualifications or the licenses of the business operators on the platforms or to duly perform their safety protection obligations as required by the E-Commerce Law.

Regulation related to mobile internet applications information services

In addition to the Telecom Regulation and other regulations above, mobile applications are also regulated by the APP Provisions, which was promulgated by the CAC on June 28, 2016 and became effective on August 1, 2016. Pursuant to the APP Provisions, CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of mobile application information services.

Under the APP Provisions, mobile application information service providers are required to obtain relevant qualifications prescribed by laws and regulations and shall be responsible for the supervision and administration of mobile application information required by laws and regulations and implement the information security management responsibilities strictly, including but not limited to (i) to authenticate the identity information of the registered users; (ii) to protect user information, and to obtain the consent of users while collecting and using users' personal information in a lawful and proper manner; (iii) to establish information content audit and management mechanism, and to take against any information content in violation of laws or regulations depending on circumstances; (iv) to safeguard users' right to know and to make choices when users are installing or using such applications, and shall neither start any function irrelevant to the services, nor forcefully install any other irrelevant application without the users' consent; (v) to respect and protect the intellectual properties and shall neither produce nor release any application that infringes others' intellectual properties; and (vi) to record users' login information and keep the same for sixty days.

In addition, in December 2016, MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals, which came into effect on July 1, 2017. This interim measure aims to enhance the administration of mobile applications, and require, among others, that mobile phone manufacturers and internet information service providers must ensure that a mobile app, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of the hardware and operating system of a mobile smart device.

We have implemented internal control procedures screening the information and content on our websites and mobile applications to ensure compliance with the APP Provisions. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be held liable for information or content displayed on, retrieved from or linked to our websites and mobile applications, which may materially and adversely affect our business and operating results."

Regulations related to foreign direct investment in value-added telecommunication enterprises

On January 1, 2020, the PRC Foreign Investment Law and the Implementation Regulations, came into effect and replaced the trio of existing laws regulating foreign investment in China. The PRC Foreign Investment Law and its Implementation Regulations are formulated to further expand the opening-up policy, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. The PRC Foreign Investment Law does not specify the detailed regulatory regime for VIE structures, please refer to "Item 3. Key Information—D. Risk Factors— Uncertainties exist with respect to the interpretation and implementation of the new PRC Foreign Investment Law and its Implementation Regulation and how it may impact the viability of our current corporate structure, corporate governance and business operations."

Pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, or the FITE Regulation, promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, and the Negative List, the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for e-commerce business, domestic multi-party communications services business, store-and-forward business and call center business which may be 100% owned by foreign investors. In order to acquire any equity interest in a value-added telecommunication business in China, a foreign investor must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunication business overseas. Foreign investors that meet these requirements must obtain approvals from MIIT and the MOFCOM or its authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued telecommunication business operating licenses to only a limited number of foreign-invested companies.

A Notice on Intensifying the Administration of Foreign Investment in Value-Added Telecommunications Services, issued by MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling VATS Licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of telecommunication businesses in China. Pursuant to this notice, either the holder of a VATS License or its shareholders must directly own the domain names and trademarks used by such license holder in its provision of value-added telecommunications services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain the facilities in the regions covered by its license. If a license holder fails to comply with the requirements in the notice or cure any non-compliance, MIIT or its local counterparts have the discretion to take measures against the license holder, including revoking its VATS License.

In view of these restrictions on foreign direct investment in value-added telecommunication services under which our business falls into, we have established various variable interest entities and their subsidiaries to engage in value-added telecommunication services, including operation of our websites and mobile applications. We have contractual relationships with these variable interest entities but we do not have actual ownership interests in. See “ Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the contractual arrangements in relation to our consolidated affiliated entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.”

Regulations Related to Information Security, Censorship and Privacy

We are in the process of evaluating the potential impact of the Cyber Security Law on our current business practices. We plan to further strengthen our information management and privacy protection systems to better secure the user data stored in our system. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our ability to protect the confidential information of our users and funding sources and our ability to conduct our business may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions and we may be subject to liabilities imposed by the relevant government regulations.”

Regulations related to internet security

The Standing Committee of the National People’s Congress, China’s national legislative body, enacted the Decisions on the Maintenance of Internet Security on December 28, 2000 and further amended on August 27, 2009, which may subject persons to criminal liabilities in China for any attempt to use the internet to (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe upon intellectual property rights. In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections which prohibits using the internet to leak state secrets or to spread socially destabilizing materials. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its websites.

The Cyber Security Law of the PRC, or the Cyber Security Law, which was promulgated on November 7, 2016 by the Standing Committee of the National People's Congress and came into effect on June 1, 2017, provides that network operators shall perform their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks. Under the Cyber Security Law, network operators are subject to various security protection-related obligations, including, among others, (i) network operators shall comply with certain obligations regarding maintenance of the security of internet systems; (ii) network operators shall verify users' identities before signing agreements or providing certain services such as information publishing or real-time communication services; (iii) when collecting or using personal information, network operators shall clearly indicate the purposes, methods and scope of the information collection, the use of information collection, and obtain the consent of those from whom the information is collected; (iv) network operators shall strictly preserve the privacy of user information they collect, and establish and maintain systems to protect user privacy; (v) network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies. In addition, on July 22, 2020, the Ministry of Public Security issued the Guiding Opinions on Implementing the Cyber Security Protection System and Critical Information Infrastructure Security Protection System to further improve the national cyber security prevention and control system.

At the end of 2019, the Cyberspace Administration of China, or the CAC, issued the Provisions on the Management of Network Information Content Ecology, or the CAC Order No.5, which became effective on March 1, 2020, to further strengthen the regulation and management of network information content. Pursuant to the CAC Order No.5, each network information content service platform is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardizing national security; (ii) to strengthen the examination of advertisements published on such network information content service platform; (iii) to promulgate management rules and platform convention and improve user agreement, such that such network information content service platform could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules and convention; (iv) to establish convenient means for complaints and reports; and (v) to prepare annual work report regarding its management of network information content ecology. In addition, a network information content service platform must not, among others, (i) utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent account, illegal transaction account or maneuver of users' account; and (iii) infringe a third party's legitimate rights or seek illegal interests by way of interfering with information display.

Regulations related to privacy protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. On May 28, 2020, the National People's Congress adopted the Civil Code, which came into effect on January 1, 2021. The Civil Code provides in a stand-alone chapter of right of personality and reiterates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such personal information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information. In the event that any personal information is or may be leaked, falsified or lost, the information processor shall take immediate remedial measures, inform the natural person concerned and escalate such situation to the competent department as required.

On December 7, 2011, MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services, pursuant to which an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of a user. In addition, an internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People's Congress on December 28, 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by MIIT on July 16, 2013, any collection and use of users' personal information must be subject to the consent of the users, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cyber Security Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection. Furthermore, app operators should not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation further illustrates certain commonly-seen illegal behaviors of apps operators in terms of collection and use of personal information, including "failure to publicize rules for collecting and using personal information," "failure to expressly state the purpose, manner and scope of collecting and using personal information," "collection and use of personal information without consent of users of such App," "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity," "providing users' personal information to others without users' consent," "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting." Among others, any of the following acts of an app operator will constitute "collection and use of personal information without consent of users": (i) collecting an user's personal information or activating the permission for collecting any user's personal information without obtaining such user's consent; (ii) collecting personal information or activating the permission for collecting personal information of any user who explicitly refuses such collection, or repeatedly seeking for user's consent such that the user's normal use of such app is disturbed; (iii) any user's personal information which has been actually collected by the app operator or the permission for collecting any user's personal information activated by the app operator is beyond the scope of personal information which such user authorizes the app operator to collect; (iv) seeking for any user's consent in a non-explicit manner; (v) modifying any user's settings for activating the permission for collecting any personal information without such user's consent; (vi) using users' personal information and any algorithms to directionally push any information, without providing the option of non-directed pushing such information; (vii) misleading users to permit collecting their personal information or activating the permission for collecting such users' personal information by improper methods such as fraud and deception; (viii) failing to provide users with the means and methods to withdraw their permission of collecting personal information; and (ix) collecting and using personal information in violation of the rules for collecting and using personal information promulgated by such app operator.

Furthermore, in order to improve the protection of personal information, the National Information Security Standardization Technical Committee also issued the Guide to Self-evaluation of Collection and Use of Personal Information by Mobile Internet Applications (Apps) on July 22, 2020 regarding the security of information collected and used by operators of mobile apps. In addition, pursuant to the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications jointly promulgated by the CAC, the MIIT and certain other government authorities on March 12, 2021, and which took effect on May 1, 2021, "necessary personal information" refers to the personal information necessary for ensuring the normal operation of a mobile app's basic function services, without which the mobile app cannot achieve its function services. For online lending mobile apps, the basic function services are "personal loan application services through the Internet platform for consumption, daily production and operation turnover, etc.," and the necessary personal information includes (i) mobile phone numbers of registered users, and (ii) name, the type, number and validity period of the ID documentation, and bank card number of the borrower. For investment and financial management mobile apps, the basic function services are "stocks, futures, funds, securities or other related investment and financial services," and the necessary personal information includes (i) mobile phone numbers of registered users, (ii) name, the type, number and validly period of the ID documentation, and bank account number or payment account number of users, and (iii) capital account, bank account number or payment account number of users.

Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress on August 29, 2015 and becoming effective on November 1, 2015, any ICP License holder that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of the client's information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations. In addition, any individual or entity that (i) sells or provides personal information to others unlawfully, or (ii) steals or illegally obtains any personal information, will be subject to criminal liability in severe situations.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information, or the Personal Information Interpretations, which became effective on June 1, 2017. The Personal Information Interpretations provides more practical conviction and sentencing criteria for the infringement of citizens' personal information and mark a milestone for the criminal protection of citizens' personal information. Moreover, on October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate of the PRC jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes, which came into effect on November 1, 2019, and further clarifies the meaning of Internet service operators and the severe situations of the relevant crimes.

On October 21, 2020, the Standing Committee of the National People's Congress issued a Draft Personal Information Protection Law, or the Draft Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection. The Draft Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. Personal information, as defined in the Draft Personal Information Protection Law, refers to information related to identified or identifiable natural persons and is recorded by electronic or other means but excluding the anonymized information. The Draft Persona Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation etc. Furthermore, the Draft Personal Information Protection Law also provides for the rights of natural persons whose personal information is processed, and takes special care of the personal information of children under 14 and sensitive personal information.

Regulations Related to Intellectual Property Rights

Regulations related to copyrights

The Copyright Law of the PRC (Revised in 2010), the Copyright Law, which was further amended in November 2020 and will take effect in June 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction.

The Computer Software Copyright Registration Measures, or the Software Copyright Measures, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The National Copyright Administration of China administers software copyright registration and China Copyright Protection Center, or the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the computer software copyrights applicants which meet the requirements of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013).

As of December 31, 2020, we had registered 386 software copyrights in the PRC.

Regulations related to trademarks

Trademarks are protected by the Trademark Law of the PRC (Revised in 2019) which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively as well as by the Implementation Regulations of the PRC Trademark Law adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with trademarks, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use.

As of December 31, 2020, we have registered 551 trademarks in the PRC.

Regulations related to domain names

MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which became effective on November 1, 2017 and replaced the Administrative Measures on China Internet Domain Name promulgated by MII on November 5, 2004. Pursuant to the Domain Name Measures, MIIT is in charge of the administration of PRC internet domain names. China Internet Network Information Center, or CNNIC, under the supervision of MIIT, is responsible for the daily administration of domain names and Chinese domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate and complete information of their identifications to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

As of December 31, 2020, we have registered 168 domain names in the PRC (.cn country and regional code top-level domain names and Chinese domain names).

Regulations Related to Foreign Exchange

General administration of foreign exchange

Under the PRC Foreign Currency Administration Rules promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange, or SAFE and other relevant PRC government authorities, RMB is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within the PRC must be made in RMB.

The Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, or the SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015 and October 10, 2018, respectively, amends and simplifies the foreign exchange procedures related to direct investment. Pursuant to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, the reinvestment of RMB proceeds by foreign investors in the PRC and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE. In addition, domestic companies are allowed to provide cross-border loans not only to their offshore subsidiaries, but also to their offshore parents.

In May 2013, SAFE also promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Document, as amended on October 10, 2018, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, or the SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 delegates the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under relevant SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments.

On March 30, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign invested Enterprises, or SAFE Circular 19, which took effective on June 1, 2015. On June 9, 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On January 26, 2017, SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control, or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation, or SAFE Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments.

On April 10, 2020, the SAFE issued the Circular of SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business or the SAFE Circular 8, pursuant to which the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Regulations related to foreign exchange registration of offshore investment by PRC residents

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents, including PRC resident natural persons or PRC entities, to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. In addition, such PRC residents must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. SAFE further enacted SAFE Circular 13, which allows PRC residents to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE.

In the event that a PRC resident holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations related to Offshore Stocks Investment

On January 29, 1996, the State Council promulgated the Foreign Exchange Administration Regulations of the PRC, which was last amended and such amendment became effective on August 5, 2008. Pursuant to the Foreign Exchange Administration Regulations of the PRC, Chinese nationals shall register with the foreign exchange administration department of the State Council for any foreign direct investment or engagement in any issuance or transaction of offshore valuable securities or derivative products. On December 25, 2006, the People's Bank of China promulgated the Administrative Measures for Personal Foreign Exchange, which further clarifies that any offshore equity, fixed-income or other approved financial investments by Chinese nationals, shall be conducted through a qualified domestic financial institution. On January 5, 2007, the SAFE published the Implementation of the Administrative Measures for Personal Foreign Exchange and last amended on May 29, 2016, under which Chinese nationals are limited to a foreign exchange quota of US$50,000 per year for approved uses only.

In addition, pursuant to the SAFE Officials Interview on Improving the Management of Declarations of Individual Foreign Exchange Information on December 31, 2016, Chinese nationals can only engage in offshore investments under capital items only provided methods such as Qualified Domestic Institutional Investors, otherwise Chinese nationals can only purchase foreign currency for the purpose of external payments within the scope of current items, including private travel, overseas study, business trips, family visits, overseas medical treatment, trade in goods, purchase of non-investment insurance and consulting services. Furthermore, in 2016, CSRC published a response letter to investors on its website to remind domestic investors that any offshore investments conducted by ways which are not explicitly specified under applicable PRC Laws, may not be adequately protected by the PRC Laws.

We do not convert Renminbi into Hong Kong dollars or U.S. dollars for our clients, and require those who would like to trade securities listed on the Hong Kong Stock Exchange or any major stock exchange in the United States through our platform to inject funding into their respective trading accounts in Hong Kong in either Hong Kong dollars or U.S. dollars. See "Risk Factors-Risks Related to Our Business and Industry-PRC governmental control of currency conversion, cross-border remittance and offshore investment could have a direct impact on the trading volume achieved on our platform. If the government further tightens restrictions on converting Renminbi to foreign currencies, including Hong Kong dollars and U.S. dollars, and/or deems our practice as in violation of PRC laws and regulations, our business will be materially and adversely affected." If the government further tightens restrictions on converting Renminbi to foreign currencies, including Hong Kong dollars and U.S. dollars, and/or deems our practice as in violation of PRC laws and regulations, our business will be materially and adversely affected."

Regulations Related to Dividend Distributions

Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds of at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company may, at its discretion, allocate a portion of its after-tax profits based on PRC accounting standards to other reserve funds. These reserves are not distributable as cash dividends. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Related to Taxation

Regulations related to enterprise income tax

On March 16, 2007, the Standing Committee of the National People's Congress promulgated the Law of the PRC on Enterprise Income Tax which was amended on February 24, 2017 and December 29, 2018, respectively, and on December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax which was amended on April 23, 2019. Under these laws and regulations, or the EIT Law, both resident enterprises and non-resident enterprises are subject to enterprise income tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied, unless they qualify for certain exceptions. Pursuant to the EIT Law and its implementation rules, the income tax rate of an enterprise that has been determined to be a high and new technology enterprise may be reduced to 15% with the approval of relevant tax authorities. If non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within the PRC is considered a resident enterprise and will be subject to the EIT at the rate of 25% on its worldwide income. The term "de facto management body" refers to "the establishment that exercises substantial and overall management and control over the production, business, personnel, accounts and properties of an enterprise." Pursuant to SAT Circular 82 issued by the SAT in April 2009 and amended in December 2017, an overseas registered enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with its "de facto management body" located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations are mainly located in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies located in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) no less than half of the enterprise's directors or senior management with voting rights reside in the PRC. SAT issued additional rules to provide more guidance on the implementation of SAT Circular 82 in July 2011, and issued an amendment to SAT Circular 82 delegating the authority to its provincial branches to determine whether a Chinese-controlled overseas-incorporated enterprise should be considered a PRC resident enterprise, in January 2014. Although the SAT Circular 82, the additional guidance and its amendment only apply to overseas registered enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners. If our offshore entities are deemed PRC resident enterprises, these entities may be subject to the EIT at the rate of 25% on their global incomes, except that the dividends distributed by our PRC subsidiaries may be exempt from the EIT to the extent such dividends are deemed "dividends among qualified resident enterprises."

Regulations related to value-added tax and business tax

The Provisional Regulations of the PRC on Value-added Tax were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, which was subsequently amended in 2008, 2016 and 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) was promulgated by the Ministry of Finance, or the MOF, on December 25, 1993, which was subsequently amended in 2008 and 2011. Pursuant to these regulations, or the VAT Law, all enterprises and individuals selling goods, services, intangible assets or real properties, providing processing, repair and replacement services, and importing goods in or to the PRC must pay value-added tax, or VAT, and entities or individuals providing services are subject to the VAT at a rate of 6% unless otherwise provided under relevant laws and regulations.

Pursuant to the Provisional Regulations of the PRC on Business Tax, which became effective on January 1, 1994, or the Business Tax Regulation, and its implementation rules, all enterprises and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. In November 2011, the MOF and the SAT jointly issued two circulars setting forth the details of the pilot VAT reform program, which change the charge of sales tax from business tax to VAT for certain pilot industries. The VAT reform program initially applied only to pilot industries in Shanghai, and was expanded to eight additional regions, including, among others, Beijing and Guangdong province, in 2012. In August 2013, the program was further expanded nationwide. In May 2016, the pilot program was extended to cover additional industry sectors such as construction, real estate, finance and consumer services. On November 19, 2017, the Business Tax Regulation was abolished. On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Notice of Strengthening Reform of VAT Policies, which provides certain VAT reduction arrangements.

As of the date of this annual report, all our PRC subsidiaries and variable interest entities are subject to the VAT at rates ranging from 3% to 13%.

Regulations related to dividend withholding tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or SAT Circular 81, issued on February 20, 2009 by SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, in October 2019, the SAT promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Treatments, or Circular 35, which became effective on January 1, 2020 and superseded the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties. The Circular 35 abolished the record-filing procedure for justifying the tax treaty eligibility of taxpayers, and stipulates that non-resident taxpayers can enjoy tax treaty benefits via the "self-assessment of eligibility, claiming treaty benefits, retaining documents for inspection" mechanism. Non-resident taxpayers can claim tax treaty benefits after self-assessment provided that relevant supporting documents shall be collected and retained for post-filing inspection by the tax authorities. Moreover, pursuant to a SAT Circular 9 issued by the State Administration of Taxation in February 2018, which became effective on April 1, 2018, a resident of a contracting state will not qualify for the benefits under the tax treaties or arrangements, if it is not the "beneficial owner" of the dividend, interest and royalty income. Pursuant to SAT Circular 9, a "beneficial owner" is required to have ownership and the right to dispose of the income or the rights and properties giving rise to the income, and generally engage in substantive business activities. An agent or conduit company will not be regarded as a "beneficial owner" and, therefore, will not qualify for treaty benefits. A conduit company normally refers to a company that is set up primarily for the purpose of evading or reducing taxes or transferring or accumulating profits.

Regulations related to income tax for share transfer

On February 3, 2015, SAT issued SAT Notice 7, which partially replaced and supplemented previous rules under SAT Circular 698. On October 17, 2017, SAT issued SAT Bulletin 37, which came into effect on December 1, 2017 and concurrently abolished SAT Circular 698. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax. By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests or other taxable assets in a PRC resident enterprise by a non-resident enterprise. Under SAT Notice 7 and SAT Bulletin 37, where a non-resident enterprise transfers the equity interests or other taxable assets of a PRC "resident enterprise" indirectly by disposition of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority this "indirect transfer." Using a "substance over form" principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%. We face uncertainties on the reporting and consequences on private equity financing transactions, share transfers or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. We and our non-resident investors, may be at risk of being required to file a return and being taxed under SAT Notice 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Notice 7 and SAT Bulletin 37 or to establish that we should not be taxed under these circulars.

Regulations Related to Employee Stock Incentive Plans

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or Circular 7, which was issued by SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of an publicly-listed overseas company and who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year, subject to a few exceptions, are required to register with SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas private special purpose company may register with SAFE or its local branches before exercising rights.

In addition, SAT has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock option or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Regulations Related to Employment and Social Welfare

Regulations related to labor contract

The Labor Contract Law of the PRC, the Labor Contract Law, which was promulgated on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work over certain time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and shall be paid to employees timely.

Regulations related to social insurance and housing fund

Enterprises in China are required by the Social Insurance Law of the PRC promulgated by the Standing Committee of the National People's Congress in October 2010 which became effective in July 2011 and was amended in December 2018, or the Social Insurance Law, the Regulations on Management of Housing Provident Fund released by the State Council in March 2002 which was amended in March 2019, and other related rules and regulations, to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, an occupational injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government. Failure to make adequate contributions to various employee benefit plans may be subject to fines and other administrative sanctions. Pursuant to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of 0.05% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the deadline, it may be subject to a fine ranging from one to three times the amount overdue. Pursuant to the Regulations on Management of Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline.

Regulations Related to M&A Rules and Overseas Listing

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on Mergers and Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, effective as of September 8, 2006 and later revised on June 22, 2009, which governs the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also requires that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC individuals or companies shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange. After the PRC Foreign Investment Law and its Implementation Regulations became effective on January 1, 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its Implementation Regulations.

Regulations Related to our Business Operation in Hong Kong

Regulations related to the Stock Business

The SFC authorizes corporations and individuals through licenses to act as financial intermediaries. Under the SFO, a corporation which is not an authorized financial institution but carries out the following activities must be licensed by the SFC: (i) carrying on a business in a regulated activity (or holding itself out as carrying on a business in a regulated activity) in Hong Kong; or (ii) actively marketing, whether in Hong Kong or from a place outside Hong Kong, to the public any services it provides, which would constitute a regulated activity if provided in Hong Kong.

According to the SFO, a licensed corporation must maintain a minimum level of paid-up share capital and liquid capital not less than the amounts specified under the Securities and Futures (Financial Resources) Rules. If the licensed corporation applies for more than one type of regulated activity, the minimum paid-up share capital and liquid capital shall be the higher or the highest amount individually required amongst those regulated activities.

In addition, each licensed corporation should appoint at least two responsible officers to directly supervise the conduct of each regulated activity for which the licensed corporation operates and at least one of the proposed responsible officers must be an executive director of the licensed corporation as defined under the SFO. As defined by the SFO, an "executive director" refers to a director of the corporation who actively participates in or is responsible for directly supervising the business of the regulated activity. All executive directors must seek SFC's prior approval as responsible officers accredited to the licensed corporation. Further, for each regulated activity, the licensed corporation should have at least one responsible officer available at all times to supervise the business. The same individual may be appointed to be a responsible officer for more than one regulated activity, as long as he/she is fit and proper to be so appointed and there is no conflict in the roles assumed. A person who intends to apply to be a responsible officer must demonstrate that he/she fulfills the criteria of competence relating to academic/ industry qualification, relevant industry experience, management experience, and local regulatory framework paper, and have sufficient authority to supervise the business of regulated activity within the licensed corporation.

As of December 31, 2020, through Fuyuan Securities Limited, we have registered and maintained the following licenses from SFC: (i) SFO Type 1 License, effective since December 17, 2010, for conducting regulated activities related to dealing in securities; (ii) SFO Type 4 License, effective since April 1, 2003, for conducting regulated activities related to advising on securities; (iii) SFO Type 5 License, effective since April 1, 2003, for conducting regulated activities related to advising on futures contracts; and (iv) SFO Type 9 License, effective since April 1, 2003, for conducting regulated activities related to asset management.

Also, we have eight representatives licensed with the SFC and eligible to carry out different types of regulated activities for our Hong Kong business under the supervision of our responsible officers.

Ongoing obligations for compliance by licensed corporations and intermediaries

In April 2017, the SFC issued the Licensing Handbook, which provides the ongoing obligations for compliance of a licensed corporation. In general, licensed corporations and licensed representatives must remain fit and proper at all times and must comply with all applicable provisions of the SFO and its subsidiary legislation as well as the codes and guidelines issued by the SFC. There must also be at least one responsible officer available at all times to supervise the licensed corporation's business of carrying on a regulated activity.

Also, a licensed corporation is required by the Securities and Futures (Licensing and Registration) (Information) Rules to notify the SFC of certain changes and events, which include, among others, changes in the basic information of the licensed corporation, its controlling persons and responsible officers, or subsidiaries that carry on a business in a regulated activity; changes in the capital and shareholding structure of the licensed corporation; and significant changes in business plan.

Furthermore, according to SFO, the related licenses in related to all or certain regulated activity of such corporation may be suspended or revoked by the SFC if the licensed corporation does not carry on all or some of the regulated activity for which it is licensed.

Regulations related to the Hong Kong Insurance Brokerage Business

The Insurance Companies Ordinance, as amended and supplemented from time to time, or the ICO, supports a self-regulatory regime for insurance intermediaries, i.e., insurance agents and brokers. The ICO defines the distinct roles of insurance brokers and require them to be appointed or authorized respectively in accordance with the relevant provisions of the ICO.

Types of insurance business

The ICO requirements vary depending on the type of insurance business being undertaken by an insurer. The ICO defines two main types of business as follows: (i) general business, which covers all business other than long-term business, including but not limited to accident and sickness, fire, property, motor vehicle, general liability, financial loss and legal expenses insurance; and (ii) long-term business, which covers those types of insurance business in which policies are typically in place for long periods and includes but not limited to, life and annuity, linked long-term, permanent health and retirement scheme management policies.

An insurer that undertakes both long-term and general business is referred to by the Insurance Authority, or the IA, as a composite insurer. In addition to these main types of business, the IA imposes further requirements on insurers conducting insurance business (not being reinsurance business) relating to liabilities or risks in respect of which persons are required by any Ordinance to be insured, including employees' compensation insurance, third-party insurance in respect of motor vehicles and local vessels, and building owners' corporation third-party risks insurance.

Insurance broker appointment

Under ICO, a person is prohibited from holding himself out as an insurance broker unless he is properly appointed or authorized. A person is also prohibited from holding himself out as an appointed insurance agent and an authorized insurance broker at the same time. It is an offense under the ICO for an insurer to effect a contract of insurance through, or accept insurance business referred to it by, an insurance intermediary who has not been properly appointed or authorized.

A person intending to act as an insurance broker shall either seek authorization from the public officer appointed as the IA, pursuant to the ICO, or apply to become a member of a body of insurance brokers approved by the IA. In either way the insurance broker is subject to the same statutory requirements. For an insurance broker who is a member of an approved body of insurance brokers, he is also subject to the membership regulation of his own professional body which is approved by the IA.

The IA is required to maintain a register of authorized insurance brokers as well as a register of approved bodies of insurance brokers. The registers are open for public inspection. An approved body of insurance brokers is required to maintain a register of its members which contains the information required by the IA in respect of each member for public inspection.

We, through 9F Wealth Management Limited, is approved as an insurance broker by Professional Insurance Brokers Association, or the PIBA, which is in turn approved by the IA as a body of insurance brokers, to carry out both long-term (include linked long-term) and general business. Its chief executive is registered to carry out the relevant lines of business.

Acting as mandatory provident fund intermediary

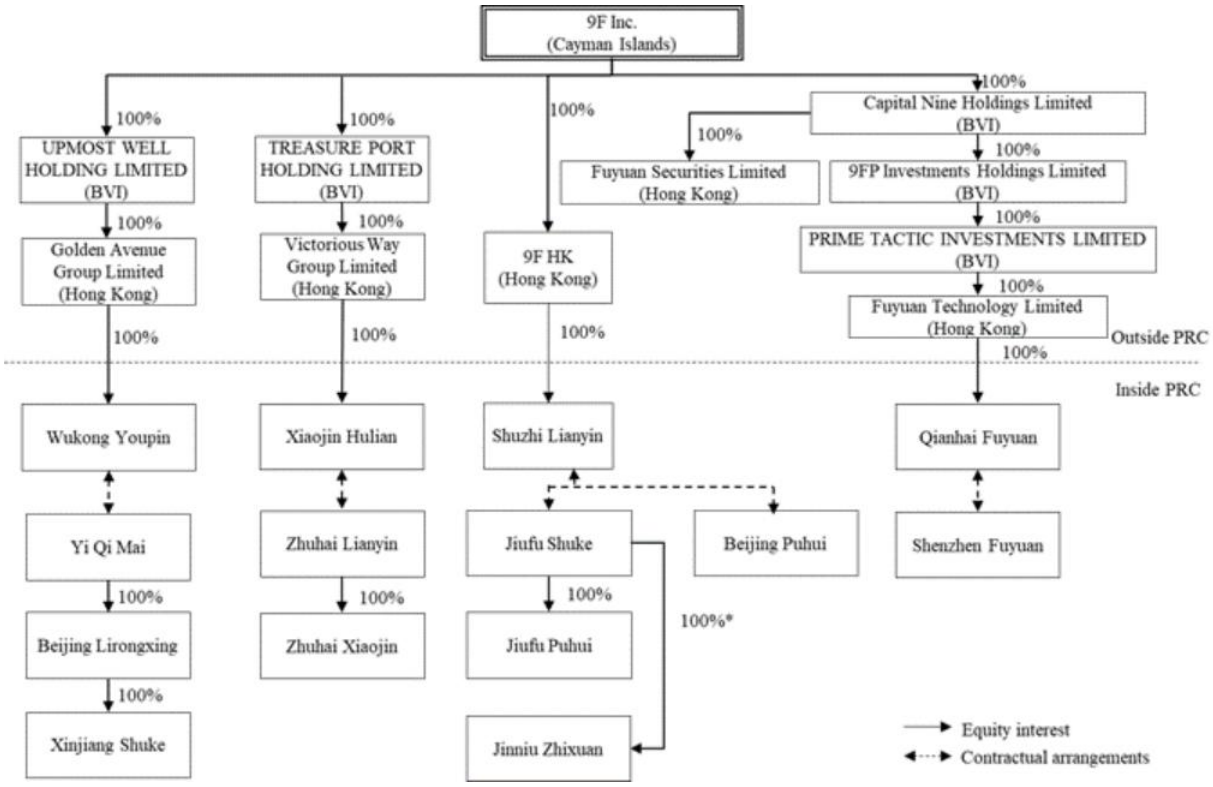
We also through 9F Wealth Management Limited carry on business as an intermediary for Mandatory Provident Fund, or the MPF. MPF is regulated by the Mandatory Provident Fund Schemes Authority, or the MPFA. Conducting business as an MPF intermediary also requires licenses. According to Mandatory Provident Fund Schemes Ordinance, the MPFA relies on the existing regulatory regimes including the IA (including the self-regulated organizations such as PIBA) to license and supervise MPF intermediaries.

To meet basic registration requirements, an applicant must be supervised by one or more of the three financial regulatory regimes, namely, the MPFA, the IA and/or the SFC. An individual applicant must pass an MPF intermediaries examination recognized by the MPFA. In addition, the applicant must satisfy the MPFA that he/she is fit and proper to be registered as an MPF intermediary.

A register bearing particulars of registered MPF intermediaries is available for inspection at the office of the MPFA.

C. Organizational Structure

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



Note:

1. Each of our VIEs has entered into an Exclusive Option Agreement, as amended, if applicable, with 9F Inc as a part of VIE agreements.

2. Jinniu Zhixuan is indirectly wholly-owned by Jiufu Shuke through Zhuhai Jiuxin Asset Management Co., Ltd.

Contractual Arrangements with our VIEs and Their Shareholder

The registered shareholders of Jiufu Shuke include Yifan Ren, Zhuhai Hengqin Zhilue Investment Partnership (Limited Partnership), Zhuhai Hengqin Saixing Investment Partnership (Limited Partnership) and Lijun Zhang, who holds 48%, 33.2%, 10% and 8.8% equity interests in Jiufu Shuke, respectively. The registered shareholders of Beijing Puhui include Lei Sun, Changxing Xiao, Lixing Chen, Lei Liu and Dongcheng Zhang, who holds 23.17%, 20.83%, 27.67%, 27.50% and 0.83% equity interests in Beijing Puhui, respectively. The registered shareholders of Zhuhai Lianyin include Yu Han and Cen Chen, who holds 90% and 10% equity interests in Zhuhai Lianyin, respectively. The registered shareholders of Yi Qi Mai include Tianjin Yuying Enterprise Management Consulting Partnership (Limited Partnership) and Zhuhai Hengqin Yunchuang Investment Partnership (Limited Partnership), who holds 55% and 45% equity interests in Yi Qi Mai, respectively. The registered shareholders of Shenzhen Fuyuan include Haigen Zhou and Jianbo Cai, who holds 60% and 40% equity interests in Shenzhen Fuyuan, respectively.

The following is a summary of the currently effective contractual arrangements among 9F Inc., Shuzhi Lianyin, Jiufu Shuke and Jiufu Shuke' shareholders. The contractual arrangements among 9F Inc., our WFOEs, and other consolidated affiliated entities, including Beijing Puhui, Zhuhai Lianyin, Yi Qi Mai and Shenzhen Fuyuan, and the shareholders of such consolidated affiliated entities are substantially the same. As a result of these contractual arrangements, we have the power to direct activities of our consolidated affiliated entities that most significantly impact the economic performance of these consolidated affiliated entities. We are also entitled to receive substantially all of the economic benefits as primary beneficiary and we bear the obligation to absorb any and all economic losses incurred by our consolidated affiliated entities. In addition, we have an exclusive option to purchase all or part of the equity interests in each of our consolidated affiliated entities when and to the extent permitted by the PRC law. Therefore, we are able to consolidate the financial results of our consolidated affiliated entities into our financial statements in accordance with U.S. GAAP.

Master Exclusive Service Agreement

Under the master exclusive service agreement between Jiufu Shuke and Shuzhi Lianyin, Shuzhi Lianyin has the exclusive right to provide, among other things, technical support and consulting services to Jiufu Shuke and Jiufu Shuke agrees to accept all the consultation and services provided by Shuzhi Lianyin. Without Shuzhi Lianyin's prior written consent, Jiufu Shuke agrees not to accept the same or any similar services provided by any third party. In addition, Jiufu Shuke irrevocably grants Shuzhi Lianyin an exclusive and irrevocable option to purchase any or all of the assets and business of Jiufu Shuke at the lowest price permitted under PRC law. Shuzhi Lianyin exclusively owns all intellectual property rights arising out of or created during the performance of this agreement. Jiufu Shuke agrees to pay Shuzhi Lianyin a monthly service fee, which percentage may be determined and adjusted at the sole discretion of Shuzhi Lianyin after taking into account factors including the complexity and difficulty of the services provided, the time consumed, the seniority of the Shuzhi Lianyin employees providing services to Jiufu Shuke, the value of services provided, the market price of comparable services and the operating conditions of Jiufu Shuke. Furthermore, to the extent permitted under the PRC law, Shuzhi Lianyin agrees to provide financial support to Jiufu Shuke if Jiufu Shuke has any operating loss or suffered any critical operation adversity. The agreement will remain effective unless Shuzhi Lianyin terminates the agreement in writing or a relevant governmental authority rejects the renewal applications by either Jiufu Shuke or Shuzhi Lianyin to renew their respective operation term provided in the business licenses upon expiration.

Proxy Agreements and Powers of Attorney, including Amended and Restated Proxy Agreements and Powers of Attorney

Under the proxy agreement and power of attorney, or amended and restated proxy agreement and power of attorney if applicable, by and among Shuzhi Lianyin, Jiufu Shuke and each shareholder of Jiufu Shuke, each of Jiufu Shuke' shareholders irrevocably nominates, appoints and constitutes Shuzhi Lianyin and its successors as its attorney-in-fact to exercise any and all of his rights as a shareholder of Jiufu Shuke, including but not limited to the right to call, attend and vote at shareholders' meetings and the right to appoint and remove directors and senior management. Each shareholder of Jiufu Shuke further covenants that, without the prior written consent of Shuzhi Lianyin, such shareholder shall not exercise any shareholder's right, and if the shareholder receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interest as a result of, or in connection with, such shareholder's equity interests in Jiufu Shuke, the shareholder shall, to the extent permitted by applicable laws, pass them all on to Shuzhi Lianyin or its designee at no consideration. The proxy agreements and powers of attorney will remain effective as long as Jiufu Shuke exists. The shareholders of Jiufu Shuke do not have the right to terminate this agreement or revoke the appointment of the attorney-in-fact without the prior written consent of Shuzhi Lianyin.

Exclusive Option Agreements, including Amended and Restated Exclusive Option Agreements

Under the exclusive option agreements, or amended and restated exclusive option agreements if applicable, by and among 9F Inc., Shuzhi Lianyin, Jiufu Shuke and each of the shareholders of Jiufu Shuke, each shareholder of Jiufu Shuke irrevocably grants 9F Inc. or its designated person(s) an exclusive option to purchase, at any time and to the extent permitted under PRC law, all or part of his equity interests in Jiufu Shuke at a price equal to the actual capital contribution paid in the registered capital of Jiufu Shuke by such shareholder. If the above price is lower than the lowest price permitted by the PRC law, the lowest price permitted under the PRC law will apply. As agreed in the loan agreements between Shuzhi Lianyin and such shareholder, if 9F Inc. designates Shuzhi Lianyin as its designated person to exercise the option to purchase the equity interests in Jiufu Shuke, Shuzhi Lianyin may elect to pay for the purchase by canceling the outstanding amount of loans owed by such shareholder to Shuzhi Lianyin. Without 9F Inc.'s prior written consent, Jiufu Shuke and its shareholders will not sell, transfer, mortgage or otherwise dispose of Jiufu Shuke's legal or beneficial interests in its assets, business or revenues, or allow the creation of any encumbrance on such interests. To the extent permitted under applicable PRC laws, the shareholders of Jiufu Shuke also agree to timely donate to 9F Inc. or its designee any profits, interests, dividends or proceeds of liquidation received from Jiufu Shuke or proceeds received from the transfer of equity interests in Jiufu Shuke. These agreements will remain effective until all equity interests held in Jiufu Shuke by its shareholders are transferred or assigned to 9F Inc. or its designated person(s).

Loan Agreements

Pursuant to the loan agreements between Shuzhi Lianyin and each of the shareholders of Jiufu Shuke, Shuzhi Lianyin extended loans to the shareholders of Jiufu Shuke, who had contributed the loan principal to Jiufu Shuke as registered capital. The shareholders of Jiufu Shuke may repay the loans only by transferring their respective equity interests in Jiufu Shuke to 9F Inc. or its designated person(s) pursuant to the exclusive option agreements. Each loan shall be interest-free unless, in the event of a transfer of equity interests by a shareholder of Jiufu Shuke to 9F Inc. or its designated person(s) pursuant to the exclusive option agreement, the transfer price exceeds the loan principal. The excess over the loan principal shall be deemed the interest of the loan to the extent permitted under PRC law. These loan agreements will remain effective until the date of full performance by the parties of their respective obligations thereunder.

Equity Interest Pledge Agreements, including Amended and Restated Equity Interest Pledge Agreements

Under the equity interest pledge agreements, or amended and restated equity interest pledge agreements if applicable, among Shuzhi Lianyin, Jiufu Shuke and each of the shareholders of Jiufu Shuke, the shareholders of Jiufu Shuke pledge all of their equity interests in Jiufu Shuke, including any equity interest subsequently acquired, to Shuzhi Lianyin to secure the performance by Jiufu Shuke and its shareholders of their respective obligations under the contractual arrangements, including the payments due to Shuzhi Lianyin for services provided. If Jiufu Shuke or the pledger breach their obligations under these contractual arrangements, Shuzhi Lianyin, as the pledgee, will be entitled to certain rights and remedies including priority in receiving the proceeds from the auction or disposal of the pledged equity interests in Jiufu Shuke. Shuzhi Lianyin has the right to receive dividends distributed on the pledged equity interests during the term of the pledge. The pledge becomes effective on the date when the pledge of equity interests contemplated under the agreement has been registered with the relevant local administration for industry and commerce (currently known as the administration for market regulation) and will remain valid until the master exclusive service agreement and the relevant exclusive option agreements and proxy agreement and power of attorney, expire or terminate. We have registered the equity interest pledge with the Chaoyang Branch of Beijing Administration for Industry and Commerce in Beijing.

Spousal Consent Letters

Pursuant to spousal consent letters, the spouse of each of the shareholders, if applicable, of Jiufu Shuke acknowledges that the equity interests in Jiufu Shuke held by and registered in the name of his spouse will be disposed of pursuant to the equity interest pledge agreement, the exclusive option agreement, the proxy agreement and power of attorney, and the loan agreement by and among 9F Inc., Shuzhi Lianyin, Jiufu Shuke, the shareholders of Jiufu Shuke and his spouse. The spouses undertake not to make any assertions in connection with the equity interests in Jiufu Shuke, and agree to be bound by the afore-mentioned agreements if they receive any equity interests in Jiufu Shuke.

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

- the ownership structures of our PRC subsidiaries and consolidated affiliated entities do not and will not result in violation of any explicit provisions of PRC laws, rules or regulations currently in effect; and

- the contractual arrangements among our PRC subsidiaries, our consolidated affiliated entities (VIEs) and the shareholders of such consolidated affiliated entities governed by PRC laws, rules and regulations are valid, binding and enforceable, and will not result in violation of any explicit provisions of PRC laws, rules or regulations currently in effect.

However, we have been further advised by our PRC legal counsel that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in telecommunications businesses, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

D. Property, Plant and Equipment

As of December 31, 2020, our principal executive offices are located on leased premises comprising approximately 22,547 square meters in Beijing, China. Our principal executive offices serve as our management headquarters and center of research and development, human resources and administrative activities. In addition to our headquarters in Beijing, we also have material branches in Shenzhen and Hong Kong for online wealth management, risk management operations, stock investment and research and development, respectively. All those material branches are based on leased properties and these leases together comprise approximately 25,151 square meters in China, and 864 square meters in Hong Kong and 1,089 square meters in Thailand and Indonesia. All our branch offices are leased from independent third parties, and we plan to renew these leases from time to time as needed. We own a building of approximately 2,486 square meters in Xinjiang, China, to operate our fintech empowerment services and a building of approximately 1,707 square meters in Beijing, China as our principal office premises.

Our servers are mainly hosted in leased internet data centers in different geographic regions in China. The majority of these data centers are owned and maintained by internet data center providers. We typically enter into leasing and hosting service agreements that are renewed periodically with these internet data center providers. We believe that our existing facilities are sufficient for our current needs and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report on Form 20-F.

A. Operating Results

General Factors Affecting Our Results of Operations

Our business and operating results are affected by general factors affecting our industries, which include:

- development of the regulatory environment for our industries;

- economic and market conditions; and
- growth of mobile internet penetration, in particular the availability of internet infrastructure.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and our results of operations. Our business operations in 2019 and 2020 were negatively impacted by the tightened regulatory framework in China and the COVID-19 outbreak.

Specific Factors Affecting Our Results of Operations

Ability to Maintain and Expand our User Base in a Cost-Effective Manner

Our revenues, to a large extent, are dependent on the growth of our user base. We are constantly seeking to improve and optimize user experience to achieve a high level of user satisfaction, which in turn helps us retain existing users and attract new users through word-of-mouth referrals. Our results of operations will depend, in part, on the effectiveness of our sales and marketing efforts in user acquisition. We intend to continue to dedicate significant resources to our sales and marketing efforts and continually seek to improve the effectiveness of these efforts, in particular with regards to new user acquisition.

Ability to Advance our Technologies on a Continuing Basis

Our success to date is largely attributable to our ability to seamlessly integrate the use of technologies into provision of financial services. We have been focusing on leveraging our advanced technology capabilities such as data collection and artificial intelligence capabilities to increase the automation level of our platform and optimize our operational efficiency. Our highly advanced technology infrastructure enables us to facilitate a large number of transactions simultaneously. We also plan to invest in emerging new technologies such as blockchain technology. As our business grows, and backed by our strategy focusing on technology empowerment, we will continue to invest in strengthening our technology infrastructure, which may increase our expenses in the short term.

Ability to Broaden our Product Offerings

Our growth to date has depended on, and our future success will in part depend on, successfully meeting user demand for new products and services. With our footprint expanding overseas, we have made and will continue to make substantial investments to develop and offer new products, both domestically and internationally to our users. For example. we aim to offer a more diversified array of investment products and to leverage our securities and insurance licenses to seek additional cross-selling opportunities in our online wealth management product lines including insurance brokerage services and overseas stock investment products. Failure to continue to successfully broaden our product offerings could adversely affect our operating results and we may not be able to recoup the costs of developing and launching new products.

Key Line Items and Specific Factors Affecting Our Results of Operations

Net revenues

In the reporting period, we generated revenue from the provision of financial services. The following table sets forth the breakdown of our net revenues, both in absolute amount and as a percentage of our total net revenues, for the periods indicated.

	Years Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenues:							
Loan facilitation services	4,960,671	89.3	3,477,897	78.6	177,147	27,149	14.1
Post-origination services	367,439	6.6	604,732	13.7	859,102	131,663	68.4
Others	228,372	4.1	342,334	7.7	219,756	33,679	17.5
Total net revenues	5,556,482	100.0	4,424,963	100.0	1,256,005	192,491	100.0

Revenue from loan facilitation services. For each loan facilitated on our platform for our online lending information intermediary services, we charge a service fee to the borrower and the investor each at certain percentage of the loan principal and allocate such fee between loan facilitation services and post-origination services that we provide. The rate of such service fees varies depending on the type, pricing and term of underlying loans. Loan facilitation services fees for our online lending information intermediary services were the portion of service fees we charge to borrowers and investors in relation to the work we perform through our platform by matching them with each other and facilitating the origination of loan transactions. We ceased offering online lending information intermediary services by the end of 2020.

For each loan referred by us to our institutional funding partners under our direct lending program, we charged a service fee to either the borrower with whom we have stopped directly charging service fees since April 2019 or the financial institution partner each at certain percentage of the loan principal and allocated such fee between loan facilitation services and post-origination services that we provide. Loan facilitation services fees were the portion of service fees we charged to borrowers with whom we had stopped directly charging service fees since April 2019 or financial institution partners in relation to the services we provided such as traffic referral services and credit assessment.

Revenue from post-origination services. For our online lending information intermediary services, post-origination services fees were the portion of service fees charged to borrowers and investors in relation to services we provided after loan origination, such as repayment facilitation and loan collection. We ceased offering online lending information intermediary services by the end of 2020. Under our direct lending program, post-origination service fees were the portion of service fees charged to either the borrowers with whom we had stopped directly charging service fees since April 2019 or the financial institution partners in relation to services we provided after loan origination, such as repayment facilitation and loan collection.

Others. Other revenues mainly included product sales revenues from online sales of goods and penalty fees we charged to borrowers for late payment for our online lending information intermediary services prior to 2020. Starting from early 2018, penalty fees under our online lending information intermediary services have been paid to the depository account and were no longer included in our revenues thereafter. In 2020, our other revenues mainly included penalty fee charged to borrowers for late payment, product sales revenues from online sales of goods, and other service revenues. Other revenues also include revenue of services such as insurance agency, securities brokerage, consulting and user referral.

Operating Cost and Expenses

The table below sets forth the breakdown of our operating costs and expenses, both in absolute amount and as a percentage of our net revenues, for the periods indicated.

	Years Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Operating costs and expenses:							
Sales and marketing	1,746,375	31.4	2,343,428	53.0	343,056	52,576	27.3
Origination and servicing	444,830	8.0	1,137,451	25.7	543,487	83,293	43.3
General and administrative	1,159,746	20.9	1,155,747	26.1	1,303,833	199,821	103.8
Reversal of (provision for) doubtful contract assets and receivables	(2,637)	0.0	2,148,638	48.6	347,803	53,303	27.7
Total operating cost of revenues	3,348,314	60.3	6,785,264	153.4	2,538,179	388,993	202.1

Sales and marketing. Sales and marketing expenses consist primarily of various marketing expenses, including those related to borrower and investor acquisition and retention and general brand and awareness building.

Origination and servicing. Origination and servicing expenses consist primarily of variable expenses and vendor costs, including costs related to credit assessment, customer and system support, payment processing services and collection associated with facilitating and servicing loans.

General and administrative. General and administrative expenses consist primarily of salaries, share-based compensation and other benefits granted primarily to our management, research and development personnel and finance and administrative personnel, rental, professional service fees and other expenses.

Reversal of (provision for) doubtful contract assets and receivables. Reversal of (provision for) doubtful contract assets and receivables consist primarily of allowance for account receivable, loan receivables, other receivables and contract assets.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our company levied by the government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

According to the Hong Kong regulations, our subsidiaries incorporated in Hong Kong are subject to a two-tiered profits tax rate for assessable profits earned in Hong Kong with effect from April 1, 2018. The first HK$2 million of assessable profits will be taxed at 8.25%, and any part of assessable profits over HK$2 million will be taxed at 16.5%. In addition, to avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate.

China

Generally, our PRC subsidiaries, variable interest entities and their respective subsidiaries, which are considered PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%. A "high and new technology enterprise" is entitled to a favorable income tax rate of 15% and such qualification is reassessed by relevant governmental authorities every three years. For details of our subsidiaries, variable interest entities and their respective subsidiaries qualified as "high and new technology enterprises," please refer to Note 12 to our consolidated financial statements included elsewhere in this annual report. In addition, enterprises of encouraged industries are subject to preferential tax treatment or tax exemption for certain period in certain areas of China. For details of our subsidiaries, variable interest entities and their respective subsidiaries that are subject to such preferential tax treatment or exemptions, please refer to Note 12 to our consolidated financial statements included elsewhere in this annual report.

We are subject to value added tax, or VAT, at a rate of 17% prior to May 1, 2018, 16% from May 1, 2018 to March 31, 2019 and 13% thereafter on the sales of products, at a rate of 6% on the services rendered by us, less any deductible VAT we have already paid or borne, except for entities qualified as small-scale taxpayers at a VAT rate of 3% without any deduction. Since April 1, 2019, we have been subject to an additional 10% deductible VAT. We are also subject to surcharges on VAT payments in accordance with PRC law. During the periods presented, we were not subject to business tax on the services we provide.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless they qualify for a special exemption. If our Hong Kong subsidiaries satisfy all the requirements under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income and receives approval from the relevant tax authority, then dividends paid by our wholly foreign-owned subsidiary in China will be subject to a withholding tax rate of 5% instead. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China and Hong Kong—We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China and Hong Kong—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Critical Accounting Policies

Revenue recognition

We have early adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) and all subsequent ASUs that modified Topic 606 on January 1, 2017.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Online lending information intermediary services revenue

Through our online platform, we provided intermediary services on personal financing product, *One Card*, under which the holders of *One Card* could apply for loans on a revolving basis ("revolving loan products"). We also provided one-time loan facilitation services to meet various consumption needs ("non-revolving loan products"). For revolving loan products, and non-revolving loan products, our services provided consisted of:

a) Matching marketplace investors to potential qualified borrowers and facilitating the execution of loan agreements between the parties (referred to as "loan facilitation service"); and
b) Providing repayment processing services for the marketplace investors and borrowers over the loan term, including repayment reminders and following up on late repayments (referred to as "post origination services").

We have determined that we were not the legal lender or borrower in the loan origination and repayment process, but acting as an intermediary to bring the lender and the borrower together. Therefore, we do not record the loans receivable or payable arising from the loans facilitated between the investors and borrowers on our platform.

We consider our customers to be both the investors and borrowers. We consider the loan facilitation services and post origination services as two separate services, which represent two separate performance obligations under Topic 606, as these two deliverables are distinct in that customers can benefit from each service on its own and our promises to deliver the services are separately identifiable from each other in the contract.

We determine the total transaction price to be the service fees chargeable from the borrowers and investors. The transaction price is allocated to the loan facilitation services and post origination services using their relative standalone selling prices consistent with the guidance in Topic 606. We do not have observable standalone selling price information for the loan facilitation services or post origination services because we did not provide loan facilitation services or post origination services on a standalone basis. There is no direct observable standalone selling price for similar services in the market that is reasonably available to us. As a result, we use an expected cost plus margin approach to estimate the standalone selling prices of loan facilitation services and post origination services as the basis of revenue allocation, which involves significant judgements. In estimating its standalone selling price for the loan facilitation services and post origination services, we consider the cost incurred to deliver such services, profit margin for similar arrangements, customer demand, effect of competitors on our services, and other market factors.

For each type of service, we recognized revenue when (or as) the entity satisfies the service/performance obligation by transferring a promised good or service (that is, an asset) to a customer. Revenues from loan facilitation are recognized at the time a loan is originated between the investor and the borrower and the principal loan balance is transferred to the borrower, at which time the loan facilitation service is considered completed. Revenues from post origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided ratably on a monthly basis. A majority of the service fee is charged to the borrowers, which is collected upfront upon loan inception or collected over the loan term. Investors pay service fees to us either at the beginning and at the end of the investment commitment period (in terms of automated investing tools) or over the terms of the loan (in terms of self-directing investing tools). In 2018, 2019 and 2020, service fees charged at the beginning or at the end of the investment commitment period or over the terms of the loans in the periods presented were calculated to be equal to an annualized interest rate ranging from 0.5% to 1.5% based on the investment amount and the investment term. Service fees charged to borrowers and investors, including the service fees charged to investors collected at the end of the investment commitment period or over the terms of the loans in the periods presented, were combined as the contract price to be allocated to the two performance obligations relating to loan facilitation services and post-origination services, and recognized as revenue when the relevant services are delivered. Revenue recognized related to service fees not yet received from investors that will be collected at the end of the investment commitment period and over the commitment period are recorded as accounts receivable. All service fees are fixed and not refundable. Revenue recognized is recorded net of value added tax (“VAT”). Remaining performance obligations represent the amount of the transaction price for which service has not been performed under post-origination services.

In December 2020, we ceased publishing information relating to new offering of investment opportunities in fixed income products for investors on our online lending information intermediary platform. Pursuant to certain collaboration arrangements entered into by us and a licensed asset management company, the rights of investors in existing loans underlying the fixed income products will be transferred to the asset management company. After such transfer, the outstanding balance of loans facilitated shall become nil, and the asset management company will provide existing investors with services in relation to the return of their remaining investment in loans.

Direct lending program revenue

Through our direct lending program, we provided traffic referral services to financial institution partners, allowing the financial institution partners to gain access to borrowers who passed our risk assessment. Our services provided consist of:

a) Matching financial institution partners to potential qualified borrowers, and facilitating the execution of loan agreements between the parties (also referred to as “loan facilitation service”); and
b) Providing repayment processing services for the financial institution partners and borrowers over the loan term, including repayment reminders and loan collection (also referred to as “post origination services”).

Consistent with the revenue recognition policy under the online lending information intermediary services model, we have determined that we were not the legal lender or borrower in the loan origination and repayment process, but acting as an intermediary to bring the lender and the borrower together. Therefore, we did not record the loans receivable or payable arising from the loans facilitated between the financial institution partners and borrowers. We consider our customers to be both the financial institution partners and borrowers.

We consider the loan facilitation services and post origination services as two separate performance obligations. We determine the total transaction price to be the service fees chargeable to the borrowers or the financial institution partners, which is the contracted price adjusted for variable consideration such as potential loan prepayment by the borrows that could reduce the total transaction price, which is estimated using the expected value approach based on historical data and current trends of prepayments of the borrowers. Then the transaction price is allocated to the loan facilitation services and post origination services using their relative standalone selling prices consistent with the guidance in Topic 606, similar to online lending information intermediary services revenue.

For each type of service, we recognized revenue when (or as) satisfy the service/performance obligation(s) by transferring the promised service to our customers. Revenues from loan facilitation services are recognized at the time a loan is originated between the financial institution partners and the borrowers and the principal loan balance is transferred to the borrowers, at which time the facilitation service is considered completed. Revenues from post origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided ratably on a monthly basis.

Since April 2019, we had stopped charging service fees directly to the borrowers under our direct lending program. Instead, we started to charge service fees either directly to the institutional funding partners, or indirectly through third-party guarantee companies who provide guarantee services, or insurance companies who provided credit insurance to the institutional funding partners on their loans to the borrowers. We concluded this change did not alter the substance of the services we provided to borrowers and financial institution partners under the direct lending program, and therefore would not impact how revenue was recognized. In 2019, under a cooperation agreement, as amended (the “Cooperation Agreement”), we predominantly partnered with PICC Property and Casualty Company Limited Guangdong Branch (“PICC”) who provided the credit insurance service to institutional funding partners on the loan origination, PICC collected all of the loan facilitation service fees and remitted the our portion of our service fees to us. We recorded an account receivable for the service fees confirmed and to be remitted by PICC. We suspended our cooperation with PICC on new loans under our direct lending program since December 2019 and commenced a legal proceeding against PICC in May 2020. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

Other revenues

Other revenues mainly include product sales revenues from online sales of goods, penalty fee for late payments, and other service revenues.

We generate product sales revenues primarily through selling of merchandise via our online shopping platform, 9F One Mall (“online agent model”), and through selling of upscale products via third party platforms (“online direct sales model”). Under the online agent model, customers can buy merchandise provided by third-party merchandise suppliers on the 9F One Mall. We do not control the merchandise, but rather acting as an agent for the suppliers. Revenue was recognized for the net amount of consideration we are entitled to retain in exchange for the agent service. We commenced the operations of the online direct sales model in the first quarter of 2019 and terminated the operations in the third quarter of 2019. Under the online direct sales model, revenue was recognized on a gross basis as we control the merchandise before it is transferred to the customers, which is indicated by (i) we are primarily responsible for fulfilling the promise to provide the specified upscale products to the customers; (ii) we bear inventory risk; and (iii) we have discretion in establishing price.

Other revenues also include revenue of services such as insurance agency, securities brokerage, and customer referral.

Share-Based Compensation

Share-based payment transactions with employees and managements, such as share options, are measured based on the grant date fair value of the equity instrument. We have elected to recognize compensation expenses using the straight-line method for all employee equity awards granted with graded vesting provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the options that are vested at that date, over the requisite service period of the award, which is generally the vesting period of the award. Compensation expenses for awards with performance conditions is recognized when it is probable that the performance condition will be achieved. We elect to recognize forfeitures when they occur.

The following table sets forth our share-based compensation expenses in 2018, 2019 and 2020:

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US$
Share-based compensation expenses	508,162	353,151	290,630	44,541

The following table sets forth certain information regarding the share options granted to our employees at different dates in 2018, 2019 and 2020, taking into the consideration of our 1 to 100 share split immediately before our initial public offering in 2019:

Grant Date	Number of Options Granted	Exercise Price per Option	Weighted Average Fair Value per Option at the Grant Dates	Aggregate Intrinsic Value at the Grant Dates	Type of Valuation
		RMB	RMB	RMB	
January 19, 2018	603,300	14.32	70.57	42,231,003.66	Retrospective
March 7, 2018	178,900	14.32	71.48	12,585,321.89	Retrospective
March 27, 2018	178,900	14.32	71.44	12,585,321.89	Retrospective
April 27, 2018	433,000	24.06	63.02	26,018,608.28	Retrospective
September 1, 2018	100,000	24.06	58.05	5,478,441.02	Retrospective
September 29, 2018	467,700	24.06	56.89	25,622,668.86	Retrospective
December 24, 2018	117,700	24.06	53.40	5,824,844.69	Retrospective
January 7, 2019	21,500	14.32	61.64	1,314,304.18	Retrospective
January 7, 2019	78,600	49.85	37.48	2,010,725.37	Retrospective
January 7, 2019	34,600	24.06	53.60	1,747,466.34	Retrospective
April 21, 2019	111,200	24.06	37.82	3,648,960.06	Retrospective
June 13, 2019	23,600	24.06	37.41	774,419.58	Retrospective
June 14, 2019	10,000	24.06	37.42	328,143.89	Retrospective
July 1, 2019	2,100,000	24.06	37.80	68,910,217.02	Retrospective
February 16, 2020	680,300	24.10	6.56	4,462,768.00	Retrospective
February 21, 2020	2,853,911	0	5.59	15,953,362.49	Retrospective
February 28, 2020	3,345,098	24.11	5.53	18,498,391.94	Retrospective
April 1, 2020	178,900	13.83	7.24	1,295,236.00	Retrospective
July 1, 2020	445,280	24.11	2.36	1,050,860.80	Retrospective

The valuation was performed on a retrospective basis, instead of contemporaneous valuations because, at that time of valuation, our limited financial and limited human resources were principally focused on business development efforts.

In determining the value of share options, we have used the binomial option pricing model, with assistance from an independent third-party valuation firm. Under this option pricing model, certain assumptions, including the risk-free interest rate, the expected dividends on the underlying ordinary shares, and the expected volatility of the price of the underlying shares for the contractual term of the options are required in order to determine the fair value of our options.

The fair value of an option award is estimated on the date of grant using the binomial option pricing model that uses the following assumptions:

	Grant Date		
	2018	2019	2020
Risk-free rate of interest(1)	2.45% - 2.98 %	1.79%-2.53 %	0.27%-1.47 %
Volatility(2)	43.5% - 48.3 %	43.4%-55.3 %	48.8%-59.5 %
Dividend yield(3)	—	—	—
Exercise multiples(4)	2.2 / 2.8	2.2 / 2.8	2.2 / 2.8
Life of options (years)(5)	4.0 - 6.0	4.0 - 6.0	2.5 - 6.0

(1) We estimate risk-free interest rate based on the daily treasury long term rate of U.S. Department of the Treasury with a maturity period close to the expected term of the options.

(2) We estimated expected volatility based on the annualized standard deviation of the daily return embedded in historical share prices of the selected guideline companies with a time horizon close to the expected expiry of the term.

(3) We have never declared or paid any cash dividends on our capital stock, and we do not anticipate any dividend payments on our ordinary shares in the foreseeable future.

(4) The expected exercise multiple was estimated as the average ratio of the stock price to the exercise price as at the time when employees would decide to voluntarily exercise their vested options. As we did not have sufficient information of past employee exercise history, it was estimated by referencing to academic research publication. For key management grantee and non-key management grantee, the exercise multiple was estimated to be 2.8 and 2.2 respectively.

(5) Extracted from option agreements.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 “Summary of Significant Accounting Policies—Recent accounting pronouncements adopted” and Note 2 “Summary of Significant Accounting Policies—Recent accounting pronouncements not yet adopted” to our consolidated financial statements included elsewhere in this annual report.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as a percentage of our total net revenue for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report.

	Years Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenues							
Loan facilitation services	4,960,671	89.3	3,477,897	78.6	177,147	27,149	14.1
Post-origination services	367,439	6.6	604,732	13.7	859,102	131,663	68.4
Others	228,372	4.1	342,334	7.7	219,756	33,679	17.5
Total net revenues	5,556,482	100.0	4,424,963	100.0	1,256,005	192,491	100.0
Operating costs and expenses							
Sales and marketing (1)	(1,746,375)	(31.4)	(2,343,428)	(53.0)	(343,056)	(52,576)	(27.3)
Origination and servicing(2)	(444,830)	(8.0)	(1,137,451)	(25.7)	(543,487)	(83,293)	(43.3)
General and administrative(3)	(1,159,746)	(20.9)	(1,155,747)	(26.1)	(1,303,833)	(199,821)	(103.8)
Reversal of (provision for) doubtful contract assets and receivables	2,637	0.0	(2,148,638)	(48.6)	(347,803)	(53,303)	(27.7)
Total operating costs and expenses	(3,348,314)	(60.3)	(6,785,264)	(153.4)	(2,538,179)	(388,993)	(202.1)
Interest income	208,350	3.7	225,751	5.1	102,425	15,697	8.2
Impairment loss of investments	(23,140)	(0.4)	(154,898)	(3.5)	(462,490)	(70,880)	(36.8)
Gain recognized on remeasurement of previously held equity interest in acquiree	—	—	16,272	0.4	—	—	—
Net loss from disposal of subsidiaries	(257)	(0.0)	—	—	—	—	—
Other income, net	25,608	0.5	52,852	1.2	39,112	5,994	3.1
Income (loss) before income tax expense and earnings (loss) in equity method investments	2,418,729	43.5	(2,220,324)	(50.2)	(1,691,563)	(259,244)	(135.2)
Income tax (expense) benefit	(402,403)	(7.2)	174,597	3.9	(538,322)	(82,501)	(42.1)
Earnings (loss) in equity method investments	(41,143)	(0.7)	(107,918)	(2.4)	(21,317)	(3,267)	(1.7)
Net Income (loss)	**1,975,183**	**35.6**	**(2,153,645)**	**(48.7)**	**(2,251,202)**	**(345,012)**	**(179.2)**

Notes:

(1) Sales and marketing expenses include services provided by related parties of RMB168.3 million, RMB417.1 million, RMB37.8 million, RMB42.8 million and RMB901 thousand (US$138 thousand) in 2016, 2017, 2018, 2019 and 2020, respectively.

(2) Origination and servicing expenses include services provided by related parties of RMB11.6 million, RMB81.8 million, RMB39.0 million, RMB15.1 million and RMB358 thousand (US$55 thousand) in 2016, 2017, 2018, 2019 and 2020, respectively.

(3) General and administrative expenses include share-based compensation of RMB110.4 million, RMB2,180.5 million, RMB508.2 million, RMB353.2 million and RMB290.6 million (US$44.5 million) in 2016, 2017, 2018, 2019 and 2020, respectively.

Net revenues

Loan facilitation services revenue

2020 Compared to 2019. Our loan facilitation services revenue decreased by 94.9% from RMB3,477.9 million in 2019 to RMB177.1 million (US$27.1 million) in 2020. The decrease of loan facilitation services revenue was primarily because a decrease in loan origination volume which was affected by COVID-19, tight regulatory environment and our dispute with PICC.

2019 Compared to 2018. Our loan facilitation services revenue decreased by 29.9% from RMB4,960.7 million in 2018 to RMB3,477.9 million in 2019. The decrease of loan facilitation services revenue was primarily because the loan facilitation services revenue under our direct lending program in the fourth quarter of 2019 was not recognized due to our dispute with PICC.

Post-origination services revenue

2020 Compared to 2019. Our post-origination services revenue increased by 42.1% from RMB604.7 million in 2019 to RMB859.1 million (US$131.7 million) in 2020. The increase was primarily due to an increasing portion of service revenue allocated to post-origination services especially, as a result of our termination of loan facilitation service, certain deferred revenue was recognized as post-origination services.

2019 Compared to 2018. Our post-origination services revenue increased by 64.6% from RMB367.4 million in 2018 to RMB604.7 million in 2019. The increase was primarily due to the increase in the loan origination volume, and an increasing portion of service revenue allocated to post-origination services in 2019. Our loan origination volume increased from RMB45.6 billion in 2018 to RMB55.1 billion in 2019, which was primarily driven by the increase in the number of active borrowers from approximately 2.3 million in 2018 to approximately 2.8 million in 2019.

Others

2020 Compared to 2019. Our other revenue decreased by 35.8% from RMB342.3 million in 2019 to RMB219.8 million (US$33.7 million) in 2020. The decrease was primarily due to the referral revenue, commission revenue and revenues of our overseas business operations of the Company decreased due to the epidemic of COVID-19.

2019 Compared to 2018. Our other revenue increased by 49.9% from RMB228.4 million in 2018 to RMB342.3 million in 2019. The increase was primarily due to the increase in revenues from our online direct sales model.

Operating Costs and Expenses

Sales and marketing expenses

2020 Compared to 2019. Our sales and marketing expenses decreased by 85.4% from RMB2,343.4 million in 2019 to RMB343.1 million (US$52.6 million) in 2020. The decrease was primarily due to the volume of loan origination was reduced due to COVID-19, so the Company reduced its efforts in marketing promotion accordingly.

2019 Compared to 2018. Our sales and marketing expenses increased by 34.2% from RMB1,746.4 million in 2018 to RMB2,343.4 million in 2019. The increase was primarily due to the increase in user acquisition expenses from RMB1,395.5 million in 2018 to RMB1,788.8 million in 2019 and increase in advertising expenses from RMB54 million in 2018 to RMB 115.7 million in 2019, as we take more efforts to expand user acquisition channels.

Origination and servicing expenses

2020 Compared to 2019. Our origination and servicing expenses decreased by 52.2% from RMB1,137.5 million in 2019 to RMB543.5 million (US$83.3 million) in 2020. The increase was primarily due to the decreases of third-party loan collection expense as a result of the decrease of loan facilitation services.

2019 Compared to 2018. Our origination and servicing expenses increased by 155.7% from RMB444.8 million in 2018 to RMB1,137.5 million in 2019. The increase was primarily due to the increase in loan collection expenses from RMB109.2 million in 2018 to RMB740.5 million in 2019.

General and administrative expenses

2020 Compared to 2019. Our general and administrative expenses increased by 12.8% from RMB1,155.7 million in 2019 to RMB1,303.8 million (US$199.8 million) in 2020.

2019 Compared to 2018. Our general and administrative expenses decreased by 0.3% from RMB1,159.7 million in 2018 to RMB1,155.7 million in 2019, primarily resulting from the decrease of share-based compensation expense from the RMB508.2 million in 2018 to RMB353.2 million in 2019, partially offset by the increase in research and development expenses from RMB24.1 million in 2018 to RMB92.6 million in 2019.

Reversal of (provision for) doubtful contract assets and receivables

2020 Compared to 2019. Our reversal of (provision for) doubtful contract assets and receivables decrease from provision RMB2,148.6 million in 2019 to provision RMB347.8 million (US$53.3 million) in 2020, primarily because as compared to 2019, we recognized less allowance as a result of decrease in contract assets and accounts receivables, which was in turn caused by the decrease of our loan facilitation service.

2019 Compared to 2018. Our reversal of (provision for) doubtful contract assets and receivables increased from reversed RMB2.6 million in 2018 to provision RMB2,148.6 million (US$308.6 million) in 2019, primarily because we recognized a full valuation allowance for accounts receivable from PICC amounting to RMB1,432.3 million and valuation allowance for loan receivables amounting to RMB649.8 million.

Interest Income

Interest income represents interest earned on cash deposits in financial institutions, our loan receivables from third-party borrowers, and our investment in wealth management financial products.

2020 Compared to 2019. Our interest income decreased by 54.6% from RMB225.8 million in 2019 to RMB102.4 million (US$15.7 million) in 2020 because we purchased less investment products.

2019 Compared to 2018. Our interest income increased by 8.4% from RMB208.4 million in 2018 to RMB225.8 million in 2019 because we purchased more investment products.

Impairment loss of Investments

2020 Compared to 2019. In 2020, we incurred impairment loss of investments of RMB462.5 million (US$70.9 million). Due to continuing deterioration of operating result of Nanjing Lefang, we conducted an impairment assessment and recorded an impairment of RMB181.4 million (US$27.8 million). We also impaired our investment of RMB132.9 million (US$20.4 million) in Cornerstone Unicorn No.3 Private Equity Investment Fund given it had encountered going concern issues.

2019 Compared to 2018. In 2019, we incurred impairment loss of investments of RMB154.9 million. Due to continuing deterioration of operating result of Nanjing Lefang, we conducted an impairment assessment and recorded an impairment loss of RMB100 million for Nanjing Lefang in 2019. In addition, we fully impaired the investments in Dawanjia Inc. and Orange Island Technology Inc. in 2019 since we determined that they had encountered going-concern issues due to their working capital deficiencies and poor operating results.

Gain Recognized on Remeasurement of Previously Held Equity Interest in Acquiree

We did not record any gain on remeasurement of previously held equity interest in acquiree.

We recorded gain on remeasurement of previously held equity interest in acquiree of RMB16.3 million in 2019 since we acquired control of Beijing Jiufu Weiban Technology Limited and Yoquant Technology (Beijing) Limited in 2019. Our existing equity interests in these entities previously accounted for under equity method were remeasured to a fair value, with the excess over the carrying value recognized as gain.

Net Loss from Disposal of Subsidiaries

We did not incur any net loss or gain from disposal of subsidiaries in 2020.

We did not incur any net loss or gain from disposal of subsidiaries in 2019.

2018 Compared to 2017. Our net loss from disposal of subsidiaries decreased from RMB8.1 million in 2017 to RMB0.3 million in 2018. The decrease was primarily because we incurred a disposal loss of RMB23.2 million in 2017 with respect to our disposal of Shenzhen Boya Chengxin Financial Service Limited ("Shenzhen Boya"), one of our then subsidiaries, offset by a disposal gain of RMB15.0 million with respect to our disposal of Shenzhen Chaoneng Information Technology Co., Ltd. ("Shenzhen Chaoneng"), one of our then subsidiaries.

Other Income, Net

Our other income, net, represents the differences between the income from government subsidies and the donations we made.

2020 Compared to 2019. Our other income, net, decreased by 26.0% from RMB52.9 million in 2019 to RMB39.1 million (US$6.0 million) in 2020, which was primarily due to a decrease of VAT reduction and an increase of non-operating expenses in relation to assets disposal and write-off of accounts receivables in the amount of RMB26.9 million (US$4.1 million).

2019 Compared to 2018. Our other income, net, increased by 106.4% from RMB25.6 million in 2018 to RMB52.9 million in 2019, which was primarily due to an increase of VAT reduction amount of RMB25.8 million in 2019 compared to 2018.

Income Tax (Expense) Benefit

2020 Compared to 2019. We had an income tax expense of RMB538.3 million (US$82.5 million) in 2020, compared to an income tax expense of RMB174.6 million in 2019, primarily because the increase in the deferred tax assets.

2019 Compared to 2018. We had an income tax benefit of RMB174.6 million in 2019, compared to an income tax expense of RMB402.4 million in 2018, primarily because we recorded net losses in 2019. The income tax benefit recognized in 2019 can be carried forward to offset future tax payable.

Earnings (Loss) in Equity Method Investments

2020 *Compared to 2019.* Our loss in equity method investments decreased from RMB107.9 million in 2019 to RMB21.3 million (US$3.3 million) in 2020. The decrease is mainly due to the improved operating results of the entities we invested in, partially offset by tax in the amount of RMB10.7 million (US$1.6 million).

2019 Compared to 2018. Our loss in equity method investments increased from RMB41.1 million to RMB107.9 million in 2019. The increase is mainly due to that we incurred a disposal loss of RMB63.4 million in 2019 with respect to our disposal of Shenzhen Boya Chengxin Financial Service Limited.

Net Income (loss)

As a result of the foregoing, we recorded net income of RMB1,975.2 million in 2018, and recorded a net loss of RMB2,153.6 million and RMB2,251.2 million (US$345.0 million) in 2019 and 2020, respectively.

Changes in Financial Position

The following table sets forth selected information from our consolidated balance sheets as of December 31, 2019 and 2020. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report.

	As of December 31,		
	2019	2020	
	RMB	RMB	US$
		(in thousands)	
Assets:			
Cash and cash equivalents	4,684,003	2,726,712	417,887
Restricted cash	125,437	390,702	59,878
Term deposits	24,000	133,761	20,500
Accounts receivable, net of allowance for doubtful accounts of RMB1,053, RMB1,433,449 and RMB17,396 (US$2,666) as of December 31, 2018, 2019 and 2020, respectively	280,995	40,862	6,262
Other receivables, net of allowance for doubtful accounts of RMB5,010, RMB36,773 and RMB14,279 (US$2,188) as of December 31, 2018, 2019 and 2020, respectively	117,340	126,745	19,425
Loan receivables, net of allowance for doubtful accounts of nil, RMB 615,592 and RMB320,364 (US$49,098) as of December 31, 2018, 2019 and 2020, respectively	778,480	267,383	40,978
Prepaid expenses and other assets	1,137,787	793,092	121,547
Long-term investments	775,644	738,272	113,145
Liabilities:			
Deferred revenue	788,906	82,643	12,666
Income tax payable	320,350	255,244	39,118
Accrued expenses and other liabilities	1,229,110	726,686	111,370

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, demand deposits and highly liquid investments placed with banks or other financial institutions, which have original maturities less than three months. We consider all highly liquid investments with stated maturity dates of three months or less from the date of purchase to be cash equivalents.

Our cash and cash equivalents decreased by 41.8% from RMB4,684.0 million as of December 31, 2019 to RMB2,726.7 million (US$417.9 million) as of December 31, 2020, primarily because the outflow of cash as a result of the decrease in cash generated from our loan facilitation service, which we ceased to operate in 2020.

Restricted Cash

Our restricted cash mainly consists of cash we received from investors for their investment in securities.

Our restricted cash increased by 211.5% from RMB125.4 million as of December 31, 2019 to RMB390.7 million (US$59.9 million) as of December 31, 2020, primarily because the increase of cash received by *Fuyuan Securities* from investors for their investment in securities.

Term Deposits

Our term deposits consist of deposits placed with financial institutions with an original maturity of greater than three months and less than one year.

Our term deposit increased by 457.3% from RMB24.0 million as of December 31, 2019 to RMB133.8 million (US$20.5 million) as of December 31, 2020, which was primarily due to the purchase of a term investment product in the amount of RMB129 million (US$20 million).

Accounts Receivable, net

Our accounts receivable, net of allowance for doubtful accounts, primarily includes the service fees receivable from investors and accounts receivable from financial institution partners.

Our accounts receivable, net of allowance for doubtful accounts decreased by 85.5% from RMB281.0 million as of December 31, 2019 to RMB40.9 million (US$6.3 million) as of December 31, 2020, primarily due to the decrease in revenue as a result of decrease of loan facilitation service, as well as the collection of accounts receivables in the amount of RMB10.6 million (US$2 million) and the provision of certain doubtful accounts in the amount of RMB4.5 million (US$1 million).

Other Receivables, net

Our other receivable, primarily includes the funds receivable from external payment network providers and accrued interest receivable. Our other receivables, net of allowance for doubtful accounts increased by 8.0% from RMB117.3 million as of December 31, 2019 to RMB126.7 million (US$19.4 million) as of December 31, 2020.

Loan Receivables, net

Our loan receivables, net of allowance for doubtful accounts, mainly represent loans to third-party borrowers.

Our loan receivables decreased by 65.7% from RMB778.5 million, net of allowance for doubtful accounts of RMB615.6 million, as of December 31, 2019 to RMB267.4 million (US$41.0 million) net of allowance for doubtful accounts of RMB320.4 million, (US$49.1 million), as of December 31, 2020, primarily due to reclassification of certain loans as operating expenses in the amount of RMB382 million (US$59 million), as well as the collections of loan receivables in the amount of RMB36 million (US$6 million) and the provision of certain doubtful accounts in the amount of RMB144 million (US$22 million).

Prepaid Expenses and Other Assets

Our prepaid expenses and other assets include deposits, advance to suppliers, prepaid taxes, prepaid service fee, prepaid investment and others.

Our prepaid expenses and other assets decreased by 30.3% from RMB1,137.8 million as of December 31, 2019 to RMB793.1 million (US$121.5 million) as of December 31, 2020, primarily due to decrease in prepaid expenses made to Hubei Consumer Finance Company as a result of investment in Hubei Consumer Finance Company in the amount of RMB361 million (US$55 million), as well as reclassification of certain prepaid expenses as operating expenses in the amount of RMB182 million (US$28 million).

Long-term Investments, net

Our long-term investments consist of equity securities without readily determinable fair value, equity method investments and held-to-maturity and available-for-sale investments.

Our long-term investments decreased by 4.9% from RMB775.6 million as of December 31, 2019 to RMB738.0 million (US$113.1 million) as of December 31, 2020.

Deferred Revenue

Deferred revenue consists of post origination service fees received or receivable from borrowers, investors and financial institution partners for which services have not yet been provided. Deferred revenue is recognized ratably as revenue when the post-origination services are delivered during the loan period.

Our deferred revenue decreased by 89.5% from RMB788.9 million as of December 31, 2019 to RMB82.6 million (US$12.7 million) as of December 31, 2020 primarily due to the decrease of loan facilitation service as well as the recognition of revenue upon completion of service.

Income Tax Payable

Our income tax payable slightly decreased by 20.3% from RMB320.4 million as of December 31, 2019 to RMB255.2 million (US$39.1 million) as of December 31, 2020, primarily due to reclassification of certain tax item as other assets in the amount of RMB40.7 million (US$6.2 million).

Accrued Expenses and Other Liabilities

Our accrued expenses and other liabilities decreased by 40.9% from RMB1,229.1 million as of December 31, 2019 to RMB726.7 million (US$111.4 million) as of December 31, 2020, primarily due to decrease in services fees, which was in turn resulting from the decrease of our loan facilitation service.

B. Liquidity and Capital Resources

Our principal sources of liquidity have been cash generated from operating activities and proceeds from the issuance and sale of our shares. Our cash consists of cash on hand and cash in bank, which are unrestricted as to withdrawal. Cash equivalents consist of interest-bearing certificates of deposit with initial term of no more than three months when purchased.

We believe that our current cash, cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months. We may, however, need additional capital in the future to fund our continued operations. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that might restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

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

	Years Ended December 31,		
	2019	2020	
	RMB	RMB	US$
		(in thousands)	
Summary Consolidated Cash Flow Data			
Net cash provided by (used in) operating activities	(429,047)	(1,744,599)	(267,370)
Net cash (used in) provided by investing activities	(707,611)	39,466	6,048
Net cash provided by financing activities	471,978	12,896	1,976
Net increase (decrease) in cash, cash equivalents and restricted cash	(659,637)	(1,692,026)	(259,314)
Cash, cash equivalents and restricted cash at beginning of the year	5,469,077	4,809,440	737,079
Cash, cash equivalents and restricted cash at end of the year	4,809,440	3,117,414	477,765

Operating activities

Our net cash used in operating activities was RMB1,744.6 million (US$267.4 million) in 2020. In 2020, the principal items accounting for the difference between our net cash used in operating activities and our net loss of RMB2,251 million (US$345.0 million), primarily resulted from (i) adjustment of adding back non-cash and non-operating items, mainly including provision for (reversal of) allowance for doubtful accounts of RMB340.3 million (US$52.1 million), share-based compensation of RMB290.6 million (US$44.5 million) and impairment loss of equity securities without readily determinable fair value of RMB340.3 million (US$52.2 million), and (ii) changes in operating assets and liabilities, mainly including prepaid expenses and other assets of RMB570.4 million (US$87.4 million) and deferred tax assets of RMB504.0 million (US$77.2 million), partially offset by accrued expenses and other liabilities of RMB807.1 million (US$123.7 million), deferred revenue of RMB706.3 million (US$108.2 million), and contract assets of RMB335.1 million (US$51.4 million).

Our net cash used in operating activities was RMB429.0 million in 2019. In 2019, the principal items accounting for the difference between our net cash used in operating activities and our net loss of RMB2,153.6 million primarily resulted from the increase in our provision for allowance for doubtful accounts of RMB2,133.8 million, the increase in our accrued expenses and other liabilities of RMB479.3 million and the increase in our deferred revenue of RMB442.1 million, partially offset by the increase in accounts receivable of RMB1,539.9 million. The increase in our provision for allowance for doubtful accounts was primarily because we recognized full valuation allowance for accounts receivables from PICC amounting to RMB1,432.3 million and valuation allowance for loan receivables amounting to RMB649.8 million. The increase in our accrued expenses and other liabilities was primarily due to the increases in each of the accrued advertising and marketing fee, payable related to service fee and others, and amounts due to customers for the segregated bank balances held on their behalf. Our deferred revenue increased because the service fees charged to borrowers, investors and financial institution partners that were allocated to post-origination service fees increased. The increase in accounts receivable was primarily due to the increase in receivables due from PICC.

Our net cash provided by operating activities was RMB2,345.9 million in 2018. In 2018, the principal items accounting for the difference between our net cash provided by operating activities and our net income of RMB1,975.2 million primarily resulted from the share-based compensation of RMB508.2 million, partially offset by a decrease in taxes payable of RMB148.1 million. The share-based compensation was primarily due to our recognition of the compensation costs of the share options granted. The decrease in the tax payable was due to the increase of our payment of income tax.

Investing activities

Net cash provided in investing activities was RMB39.5 million (US$6.0 million) in 2020, which was primarily attributable to our proceeds from collection of loan receivable of RMB534.0 million (US$81.8 million) partially offset by our purchase of long-term investment of RMB469.6 million (US$72.0 million) and our purchase of term deposits of RMB109.8 million (US$16.8 million).

Net cash used in investing activities was RMB707.6 million in 2019, which was primarily attributable to our payment for the origination of loan receivables of RMB756.1 million, our prepayment of investment of RMB632.1 million, our purchase of term deposits of RMB232.3 million and our purchases of long-term investment of RMB192.7 million, partially offset by redemption of term deposits of RMB1,048.8 million.

Net cash used in investing activities was RMB1,236.8 million in 2018, which was primarily attributable to the payment for the origination of loan receivables of RMB1,712.0 million and purchase of term deposits of RMB1,651.0 million, partially offset by redemption of term deposits of RMB1,549.6 million.

Financing activities

Net cash provided by financing activities was RMB12.9 million (US$2.0 million) in 2020, which was attributable to capital contribution by non-controlling shareholders of RMB12.9 million (US$2.0 million).

Net cash provided by financing activities was RMB472.0 million in 2019, which was attributable to the net proceeds of RMB463.1 million from initial public offering and from exercising the over-allotment option by the underwriters, net of issuance cost of RMB31.8 million, and capital contribution by non-controlling shareholders of RMB8.9 million.

Net cash provided by financing activities was RMB545.9 million in 2018, which was primarily attributable to our preferred share issuance in 2018, net of issuance cost of RMB0.5 million.

Capital Expenditures

We had capital expenditures of RMB48.6 million, RMB56.7 million and RMBnil in 2018, 2019 and 2020, respectively. In these periods, our capital expenditures were mainly used for leasehold improvements and purchases of property, equipment and software. Our capital expenditures for 2021 are expected to be approximately RMB20.0 million (US$3.1 million), consisting primarily of expenditures related to our efforts with respect to obtaining operating license and proposed inverstments. We will continue to make capital expenditures to meet the expected growth of our business.

Holding Company Structure

9F Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries, our consolidated variable interest entities and their subsidiaries in China. As a result, 9F Inc.'s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, each of our wholly foreign-owned subsidiaries in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and our consolidated variable interest entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries, consolidated variable interest entities and their subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C. Research and Development, Patents and Licenses, Etc.

See "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events since January 1, 2020 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Off-balance Sheet Arrangements

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

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2020:

	Payments Due by Period					
	Total	2021	2022	2023	2024	Thereafter
Contractual Obligations:						
Operating Leases Obligations	20,078	18,789	2,931	—	—	—
Total	20,078	18,789	2,931	—	—	—

Our operating lease obligations relate to our leases of office premises and cloud infrastructure to support our core business system. We lease certain office premises and such cloud infrastructure under non-cancelable operating lease arrangements.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2020.

G. Safe Harbor

See “Forward-Looking Statements” on page 1 of this annual report.

H. Recent Development

We early terminated an office lease contract with terms from October 1, 2018 to September 30, 2021 in Beijing on March 3,2021 due to our decision to exit our loan facilitation business operation. According to the termination agreement, we were required to pay RMB10 million (US$1.5 million) for the default and restoration, which we have made in full on March 26, 2021.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Lei Sun	41	Chairman of the Board of Directors
Yifan Ren	38	Vice chairman of the Board of Directors
Changxing Xiao	48	Director
Fangxiong Gong	57	Independent Director
Haitian Lu	41	Independent Director
Lei Liu	39	Chief Executive Officer and Chief Risk Officer and Director
Lixing Chen	39	Vice President and Chief Operating Officer
Yanjun Lin	42	Chief Financial Officer and Director, Chief Executive Officer of Our International Businesses and Fuyuan Securities Limited
Xiaojun Yang	46	Director of International Business

Lei Sun has been our director since January 2014, and our chairman of the board of directors since November 2017. Mr. Sun has over fifteen years of experience in financial services industry and is a recipient of numerous prestigious national awards. Prior to founding our company in August 2006, Mr. Sun was a senior manager at the head office of China Minsheng Bank (HKEX: 1988) from September 2005 to August 2006. From August 2005 to September 2005, Mr. Sun served as a department head with Digital China Group Co., Ltd. (SZ: 000034) in charge of the development of internet financing products. Prior to that, Mr. Sun served as a director of banking service department with Taihe Chengxin Investment Co., Ltd. from August 2004. From March 2003 to August 2004, Mr. Sun served as the department head of financial services department of Hi Sun Technology (China) Limited (HKEX: 0818). Mr. Sun received his bachelor’s degree in finance and EMBA from Peking University in 2003 and 2013, respectively.

Yifan Ren has been a director of our company since January 2014, and our vice chairman of the board of directors since June 2020. Mr. Ren has been serving as the general manager of Beijing Aidi Telecommunication Co., Ltd. since June 2012. From January 2009 to June 2012, Mr. Ren worked with Beijing Tiantianfeidu Information Technology Co., Ltd. as the general manager. Between June 2005 and June 2006, Mr. Ren worked as a producer with Beijing News Radio. Mr. Ren received his bachelor’s degree in journalism from Peking University in 2005 and his master’s degree in media & communications from Fordham University in 2009.

Changxing Xiao has been a director of our company since January 2014. Mr. Xiao founded Will Hunting Capital in 2014 and has been serving as a partner since its inception. From 2001 to 2013, Mr. Xiao served as the chief executive officer and chairman of the board of Beijing Hi Sun Advanced Business Solutions Information Technology Limited. From 1995 to 2000, Mr. Xiao served as a department head with Beijing Founder Order Computer System Co., Ltd. Mr. Xiao received his bachelor’s degree in international finance from Peking University in 1995.

Fangxiong Gong has served as our independent director since August 2019. Dr. Gong has been in the financial industry for more than 23 years and is widely recognized in both the research and investment banking fields. Dr. Gong is currently a responsible officer of First Seafront Financial Limited, in respect of Type 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities since November 2016 and a responsible officer of First Seafront International Capital Limited, in respect of Type 1 (Dealing in Securities) and 6 (Corporate Finance) regulated activities since September 2018. Dr. Gong currently serves as an independent non-executive director of Bank of Shanghai Co., Ltd. (SSE:601229), a company listed on the Shanghai Stock Exchange. From September 2009 to April 2015, Dr. Gong served as a Managing Director of JPMorgan Securities (Asia Pacific) Ltd and Chairman of JPM China Investment Banking, and led JPMorgan China investment banking business. From June 2004 to August 2009, Dr. Gong acted as Head of JPMorgan China Research / Strategy and Chief Economist, leading JPMorgan's China research team covering equity research, market strategy, macro and foreign exchange rates. Dr. Gong also co-headed JPMorgan EM Asia market research and strategy. Before his career at JPMorgan, Dr. Gong was the Chief Strategist and Co-Head of Global Currency and Rates Research at Bank of America from September 1997 to May 2004. Dr. Gong was an economist at the Federal Reserve Bank of New York from 1995 to 1997, where his duties included research and policy submissions to the Federal Open Market Committee. Dr. Gong holds a Ph.D. in Financial Economics from the University of Pennsylvania, with the Ph.D. thesis jointly done in the Wharton School of University of Pennsylvania and the Economics Department of the University of Pennsylvania, an M.S. in Physics from Temple University in Philadelphia, an M.A. in Operation Research and Economics and a B.S. in Physics from Peking University.

Haitian Lu is currently a professor in law at the School of Accounting and Finance and the director of Chinese Mainland Affairs at The Hong Kong Polytechnic University. Dr. Lu is currently serving as an independent non-executive director of K. H. Group Holdings Limited (HKEX: 1557), an independent non-executive director of Loto Interactive Limited (HKEX: 8198), and an independent non-executive director of China Life Trustees Limited. Dr. Lu served at the School of Accounting and Finance in The Hong Kong Polytechnic University first as a visiting lecturer in law from September 2005 to June 2007 and later as an assistant professor in law from June 2007 to June 2012, associate professor in law from July 2012 to June 2018, and full professor in law and finance from July 2018. He also served as associate head of School of Accounting and Finance from July 2012 to December 2017, and associate dean in the Faculty of Business from January 2018 to January 2020. Dr. Lu has more than 15 years of experience in accounting, finance and law. Dr. Lu obtained his bachelor's degree in international economic law from Nanjing University in 2001, his master of laws degree from The University of Liverpool in 2002, and a Ph.D. degree in law from National University of Singapore in 2007.

Lei Liu is our co-founder and has served as our director since August 2019, our president since April 2020, our chief risk officer since June 2020, and our chief executive officer since August 2020. Previously, Mr. Liu served as our executive president and chief risk officer. Prior to founding our business, Mr. Liu worked as the senior product manager of the retail banking department of the head office of China Minsheng Bank (HKEX: 1988) from 2006 through 2007, responsible for developing personal loan products. Prior to that, Mr. Liu served as a supervisor of personal finance business with the Shenzhen branch of China Minsheng Bank, responsible for business development and product design since 2003. Mr. Liu received his bachelor's degree in economics from Shanghai University of Finance and Economics in 2003, and his EMBA degree from Peking University in 2018.

Lixing Chen is our co-founder and has served as our vice president since August 2006, our chief operating officer since April 2020. Previously, Mr. Chen served as chief executive officer of Jiufu Puhui. Prior to founding our business, Mr. Chen worked as a project manager with Regal Lloyds International Real Estate Consultants Beijing Co., Ltd from January 2005 to July 2006 and an analyst at China Economic Information Network Co., Ltd from July 2003 to December 2004. Mr. Chen received his bachelor's degree in finance from Peking University in 2003 and his master's degree in finance from the Institute of Finance & Banking of the Chinese Academy of Social Sciences in 2014.

Yanjun Lin joined us in April 2015, and has been our chief financial officer since April 2016, chief executive officer of Fuyuan Securities Limited since August 2016, and chief executive officer of our international businesses since September 2017, and our director since November 2017. Mr. Lin has worked in the banking and finance industry for more than 15 years. Mr. Lin served as the director of Barclays Capital Asia Limited from August 2012 to April 2015. Prior to that, Mr. Lin served as an associate, vice president and director at Credit Suisse (Hong Kong) Limited from June 2008 to August 2012. Mr. Lin was an investment banker with BOC International Holdings Limited, Cazenove (Asia) Limited and Bear Stearns Asia Limited before joining Credit Suisse (Hong Kong) Limited. Mr. Lin also currently serves as the director of Asian Youth Orchestra, the director of Smart Finance Research Center of Financial Science and Technology Institute at Tsinghua University, and is a Fellow of Aspen Institute's China Fellowship Program. Mr. Lin received his bachelor's degree in money and banking from Peking University in 2001 and is an EMBA candidate of PBC School of Finance of Tsinghua University.

Xiaojun Yang has been the director of our international business since April 2020. Previously, Mr. Yang served as our president and chairman of Jiufu Puhui. Immediately prior to joining us in March 2016, Mr. Yang served as the vice chairman of Lufax (Shanghai Lujiazui International Financial Asset Exchange Co., Ltd.), the largest P2P and financial asset trading platform in China, from February 2015 to March 2016. Between May 2009 and February 2015, Mr. Yang worked as the deputy general director of the Financial Innovation Supervision Department of the CBRC. From October 2005 to May 2009, Mr. Yang served as the division director of fund investment of Mutual Fund Supervision of the CSRC. From September 2004 to October 2005, Mr. Yang served as the depute general secretary of the Government of Mianyang City, Sichuan Province. From November 2001 to September 2004, Mr. Yang worked as an assistant in market surveillance division of Market Supervision Department of the CSRC. Mr. Yang received his bachelor's degree in applied mathematics from Xi'an Jiaotong University in 1996, his master's degree in international economics and Ph.D degree in accounting from Xiamen University in 2002, and his MBA degree from the University of Cambridge in 2007.

B. Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2020, we paid an aggregate of approximately RMB29.3 million (US$4.5 million) in cash to our executive officers and directors. We have not set aside or accrue any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and variable interest entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Share Incentive Plans

Our board of directors approved, in June 2015, June 2016 and March 2021, the 2015 Share Incentive Plan, the 2016 Share Incentive Plan and 2021 Share Incentive Plan, respectively, (as amended and collectively, the "Share Incentive Plans"). The Share Incentive Plans are adopted to attract and retain the best available personnel, provide additional incentives to employees, directors, officers, and consultants and promote the success of our business. The maximum aggregate number of ordinary shares under the Share Incentive Plans is 9,1603,068 Class A ordinary shares, and an annual increase on the first day of each of the five consecutive fiscal years of the Company commencing with the fiscal year beginning January 1, 2022, by (i) an amount equal to 1.0% of the total number of the then issued and outstanding ordinary shares or (ii) such fewer number of shares as may be determined by our board of directors, subject to amendment. As of the date of this annual report, awards to purchase 33,626,808 Class A ordinary shares under the Share Incentive Plans have been granted to our directors, executive officers and employees and outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates.

The following paragraphs describe the principal terms of the Share Incentive Plans.

Types of awards. The Share Incentive Plans permit the awards of options, restricted shares, or restricted share units.

Plan administration. Our board of directors or a committee of one or more members of the board of directors will administer the Share Incentive Plans. The board or the committee, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant. Any grant or amendment of awards to any committee member shall then require an affirmative vote of a majority of the members of the board of directors who are not on the committee.

Award agreement. Awards granted under the Share Incentive Plans are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our employees, directors and consultants of our company, and other individuals, as determined, authorized and approved by the committee.

Vesting schedule. In general, the committee determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of options. The committee determines the exercise price for each award, which is stated in the award agreement. However, the maximum exercisable term is ten years from the date of a grant.

Transfer restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in applicable law, the Share Incentive Plans or the relevant award agreement, such as transfers by will or the laws of descent and distribution.

Termination and amendment of the Share Incentive Plans. Unless terminated earlier, each of the 2015 Share Incentive Plan and 2016 Share Incentive Plan has a term of ten years. With the approval of the board of directors, the committee may terminate, amend or modify the Share Incentive Plans; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws, we shall obtain shareholder approval of any Share Incentive Plans amendment in such a manner and to such a degree as required, unless we decide to follow home country practice, and (b) unless we decide to follow home country practice, shareholder approval is required for any amendment to the Share Incentive Plans that (i) increases the number of shares available under the plan (other than any adjustment because of the changes in capital structure of us), or (ii) permits the committee to extend the term of the Share Incentive Plans or the exercise period for an option beyond ten years from the date of grant.

The following table summarizes, as of March 31, 2021, the options granted under the Share Incentive Plans to our current directors, executive officers and other grantees, excluding awards that were forfeited or cancelled after the relevant grant dates.

Name	Class A Ordinary Shares Underlying Options	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Lei Sun	6,227,900	0-2.34	7/10/2015	7/9/2020
	9,600,000	0-2.34	7/1/2016	7/1/2021
	24,958,000 (1)	2.12	10/20/2017	10/19/2022
Lei Liu	3,000,000	0-2.34	7/10/2015	7/9/2022
Lixing Chen	1,800,000	0-2.34	7/10/2015	7/9/2022
Yanjun Lin	1,086,900	0-2.34	7/10/2015	7/9/2022
	483,100	1.17	8/23/2016	8/22/2021
	2,000,000	3.70	7/1/2019	6/30/2024
Xiaojun Yang	4,082,700	1.17	7/1/2016	7/1/2021
All Directors and Executive Officers as a Group	53,238,600			

* Less than one percent of our total outstanding shares.

(1) Options to purchase 7,737,735 Class A ordinary shares of our company have been transferred to other employees of our company.

As of March 31, 2021, other employees as a group hold options to purchase 17,636,643 ordinary shares of our company, with exercise prices ranging from nil to US$7.39 per share.

C. Board Practices

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract, proposed contract or arrangement notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided (a) such director has declared the nature of his interest (whether directly or indirectly) interested in a contract, proposed contract or arrangement with our company, either specifically or by way of a general notice, (b) such director has not been disqualified by the chairman of the relevant board meeting, and (c) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Haitian Lu and Fangxiong Gong. Haitian Lu is the chairman of our audit committee. We have determined that Haitian Lu and Fangxiong Gong each satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules and meet the independence standards under Rule 10A-3 under the Exchange Act. We rely on Rule 5615(a)(3) to follow our home country governance requirements of having an audit committee of two members, instead of three. In addition, we have determined that Haitian Lu qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Fangxiong Gong and Haitian Lu. Fangxiong Gong is the chairman of our compensation committee. We have determined that Fangxiong Gong and Haitian Lu each satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Haitian Lu and Fangxiong Gong. Haitian Lu is the chairperson of our nominating and corporate governance committee. We have determined that Haitian Lu and Fangxiong Gong each satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors have a duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association and the class rights vested thereunder in the holders of the shares. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;

- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders. A director may be appointed on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between our company and the director, if any; but no such term shall be implied in the absence of express provision. Each director whose term of office expires shall be eligible for re-election at a meeting of the shareholders or re-appointment by the board of directors. A director may be removed from office by an ordinary resolution of the shareholders. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind, (iii) resigns his office by notice in writing to our company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated. Our officers are elected by and serve at the discretion of our board of directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, for certain acts of the executive officer, such as continued failure to satisfactorily perform his or her duties, willful misconduct or gross negligence in the performance of his or her duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest acts to our detriment. We may also terminate an executive officer's employment without cause upon 30-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officers and us. The executive officer may resign at any time with a 30-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; (iii) seek, directly or indirectly, to solicit the services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

D. Employees

We had 1,649, 1,946 and 1,091 employees as of December 31, 2018, 2019 and 2020, respectively. The Company made active efforts on workforce optimization in 2020 in answer to the adverse impact brought by COVID-19 pandemic and economic slowdown. Almost all our employees are located in China. The following table sets forth the numbers of our employees categorized by function as of December 31, 2020.

	As of December 31, 2020
Function:	
Product and technology	447
Risk management	76
Business operation	226
Sales and marketing	167
General administration	175
Total	**1,091**

As required by laws and regulations in China, we participate in various employee benefits plans that are organized by municipal and provincial governments, including, among other things, housing fund, pension, medical insurance and unemployment insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We typically enter into standard employment, confidentiality and non-compete agreements with our senior management and core personnel. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment, provided that we pay compensation equal to 50% of the employee's salary during the restriction period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any labor disputes. None of our employees are represented by labor unions.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2021 by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own 5% or more of our total outstanding shares.

The calculations in the table below are based on 203,510,681 ordinary shares as of April 30, 2021.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Class A ordinary shares	Class B ordinary shares	Total ordinary shares	Percentage of total ordinary shares	Percentage of aggregate voting power†
Directors and Executive Officers:**					
Lei Sun(1)	6,085,465	58,348,000	64,433,465	30.7 %	65.5 %
Yifan Ren(2)	43,583,400	—	43,583,400	21.4 %	9.7 %
Changxing Xiao(3)	13,920,300	—	13,920,300	6.8 %	3.1 %
Fangxiong Gong	—	—	—	—	—
Haitian Lu	—	—	—	—	—
Lei Liu(4)	4,500,000	1,347,600	5,847,600	2.9 %	2.5 %
Lixing Chen(5)	4,600,000	1,466,800	6,066,800	3.0 %	2.7 %
Yanjun Lin(6)	2,911,500		2,911,500	1.4 %	0.6 %
Xiaojun Yang (7)	4,082,700	—	4,082,700	2.0 %	0.9 %
All Directors and Executive Officers as a Group				64.5 %	83.3 %
Principal Shareholders:					
Nine F Capital Limited(1)	6,085,465	58,348,000	64,433,465	30.7 %	65.6 %
Nine Fortune Limited(2)	45,583,400	—	43,583,400	21.4 %	9.7 %
DFM Capital Ltd.(3)	13,920,300	—	13,920,300	6.8 %	3.1 %
JAS Investment Group Limited(8)	10,635,400	—	10,635,400	5.2 %	2.4 %

Notes:

* Less than 1% of our total outstanding shares.

** Messrs. Lei Sun, Yanjun Lin, Lei Liu, Lixing Chen and Xiaojun Yang's business address is Room 1607, Building No. 5, 5 West Laiguangying Road, Chaoyang District, Beijing 100012, People's Republic of China. Mr. Fangxiong Gong's business address is 3603 Central Plaza, Wan Chai, Hong Kong. Mr. Haitian Lu's business address is Flat B, G/F, Block 5, Parc Inverness, 38 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. Mr. Yifan Ren's business address is Room 550, Sunflower Tower, No. 37 Maizidian Street, Chaoyang District, Beijing, People's Republic of China. Mr. Changxing Xiao's business address is 2/F, Building B, B36 BOE Universal Business Park, No. 10 Jiuxianqiao Road, Chaoyang District, Beijing, People's Republic of China.

† For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of our Class B ordinary shares is entitled to five votes per share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

(1) Represents (i) 58,348,000 Class B ordinary shares held by Nine F Capital Limited, a British Virgin Islands company controlled by The Nine F Trust; and (ii) 6,085,465 Class A ordinary shares that Nine F Capital Limited may purchase upon exercise of options within 60 days. The registered address of Nine F Capital Limited is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. The Nine F Trust is a trust established under the laws of Guernsey and managed by Credit Suisse Trust Limited as the trustee. Mr. Lei Sun is the settlor of the trust and Mr. Lei Sun and his family members are the trust's beneficiaries. Under the terms of this trust, Mr. Lei Sun has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by Nine F Capital Limited in our Company.

(2) Represents 43,583,400 Class A ordinary shares held by Nine Fortune Limited, a British Virgin Islands company. Nine Fortune Limited is controlled by Mr. Yifan Ren. The registered address of Nine Fortune Limited is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.

(3) Represents 13,920,300 Class A ordinary shares held by DFM Capital Ltd., a British Virgin Islands company controlled by DTFM Capital Trust. The registered address of DFM Capital Ltd. is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. DTFM Capital Trust is a trust established under the laws of Guernsey and managed by DTFM (PTC) Ltd, a private trust company incorporated in British Virgin Islands, as the trustee. Mr. Changxing Xiao is the settlor of the trust and Mr. Changxing Xiao and his family members are the trusts' beneficiaries. Under the terms of this trust, Mr. Changxing Xiao has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to the shares held by DFM Capital Ltd. in our company.

(4) Represents (i) 1,347,600 Class B ordinary shares held by Stone Cube Capital Ltd. a British Virgin Islands company; (ii) 3,000,000 Class A ordinary shares held by Stone Cube Capital Ltd; and (iii) 1,500,000 Class A ordinary shares that Stone Cube Capital Ltd. may purchase upon exercise of options within 60 days. The registered address of Stone Cube Capital Ltd. is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. Stone Cube Capital Ltd is wholly-owned by Stone LL (PTC) Ltd., a private company incorporated in British Virgin Islands, which is in turn wholly-owned by Mr. Liu.

(5) Represents (i) 1,466,800 Class B ordinary shares held by Xing Technology Inc., a British Virgin Islands company; (ii) 3,700,000 Class A ordinary shares held by Xing Technology Inc.; and (iii) 900,000 Class A ordinary shares that Xing Technology Inc. may purchase upon exercise of options within 60 days. The registered address of Xing Technology Inc. is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. Xing Technology Inc. is wholly-owned by Xing Forever (PTC) Ltd., a private company incorporated in British Virgin Islands, which is in turn wholly-owned by Mr. Chen.

(6) Represents (i) 785,000 Class A ordinary shares held by L Investment Holding Limited, a British Virgin Islands company; (ii) 1,026,500 Class A ordinary shares that Mr. Yanjun Lin may purchase upon exercise of options within 60 days; and (iii) 1,100,000 Class A ordinary shares that L Investment Holding Limited may purchase upon exercise of options within 60 days. L Investment Holding Limited is wholly owned by Mr. Yanjun Lin. The registered address of L Investment Holding Limited is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands.

(7) Represents 4,082,700 Class A ordinary shares that Mr. Xiaojun Yang may purchase upon exercise of options within 60 days.

(8) Represents 10,635,400 Class A ordinary shares held by JAS Investment Group Limited, a British Virgin Islands company. JAS Investment Group Limited is wholly owned by Mr. Nanchun Jiang. The registered address of JAS Investment Group Limited is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. Such shareholding information is based on the information set forth in the Schedule 13G filed by Mr. Nanchun Jiang and JAS Investment Group Limited jointly on February 12, 2020. As of June 15, 2020, JAS Investment Group Limited was not a record holder of the Company's Class A ordinary shares.

To our knowledge, as of March 31, 2021, a total of 59,308,511 Class A ordinary shares were held by one record holder in the United States, which is the depositary of our ADS program. As of March 31, 2021, none of our Class B ordinary shares are held by U.S. record holders. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with our Variable Interest Entity and its Shareholders

See "Item 4. Information on the Company—C. Organizational Structure."

Shareholders Agreement

We entered into our fourth amended and restated shareholders agreement on September 20, 2018 with our shareholders, which consists of holders of ordinary shares, series A preferred shares, series B preferred shares, series C preferred shares, series D preferred shares and series E preferred shares.

The shareholders agreement provides that our board of directors should consist of nine directors, including five directors designated by the holders of ordinary shares, one director being designated by Famous Voyage Group Limited, one director being designated by series JAS Investment Group Limited, one director being designated jointly by SINOMAP INVESTMENTS LIMITED and TREASURE KNIGHT INVESTMENTS LIMITED, and one director being designated by NOVEL LEAD LIMITED. The shareholders agreement also provides for certain special rights, including right of first refusal, co-sale rights, and contains provisions governing other corporate governance matters. Those special rights, as well as the corporate governance provisions, have been terminated upon the completion of our initial public offering.

Registration rights

Pursuant to our current shareholders agreement, we have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the agreement.

Demand Registration Rights. Holders holding at least 30% of the registrable securities (on a as converted basis) held by the preferred shareholders have the right to demand in writing that we file a registration statement covering the registration of at least 20% of their registrable securities or any lesser percentage if the anticipated gross proceeds from the offering exceed US$5.0 million. We have the right to defer filing of a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders under certain conditions, but we cannot exercise the deferral right more than once in any twelve-month period, and cannot register any other securities during such period. We are not obligated to effect more than three demand registrations.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer holders of our registrable securities an opportunity to include in such registration. If the managing underwriter(s) of any underwritten offering determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first to us, second to each of the holders requesting inclusion of their registrable securities in such registration statement on a pro rata basis based on the total number of shares of registrable securities then held by each such holder, and third to holders of other securities.

Form F-3 Registration Rights. Any holder of our registrable securities may request us to file an unlimited number of registration statements on Form F-3. We shall effect the registration of the securities on Form F-3 as soon as practicable. We have the right to defer filing of a registration statement for a period of not more than 60 days after receipt of the request under certain conditions, but we cannot exercise the deferral right for more than once during any twelve-month period and cannot register any other securities during such 60-day period. We are not obligated to effect more than two F-3 registrations within a twelve-month period.

Expenses of Registration. We will bear all registration expenses, other than underwriting discounts, selling commissions or special counsel of the selling holders applicable, incurred in connection with any demand, piggyback or F-3 registration.

Termination of Obligations. Our obligation to effect any demand, piggyback or Form F-3 registration shall terminate on the fifth anniversary of the closing of the initial public offering, or, if, in the opinion of counsel to our company, all such registrable securities proposed to be sold by a holder of registrable securities may then be sold without registration in any ninety day period pursuant to Rule 144 promulgated under the Securities Act.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees — C. Board Practice — Employment Agreements and Indemnification Agreements."

Share Incentive Plan

See "Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Share Incentive Plans."

Option grants

See "Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Share Incentive Plans."

Other Transactions with our Investee Companies

In 2019, Nanjing Lefang Intelligent Lite Technology Development Co., Ltd ("Nanjing Lefang") provided us with borrower acquisition and referral services in the amount of RMB29.5 million. We provided consulting services to Nanjing Lefang in the amount of RMB2.0 millionin 2019. We also provided loans to Nanjing Lefang. As of December 31, 2019 and 2020, we had amounts of RMB50.0 million and nil, respectively, due from Nanjing Lefang, and RMB18.5 million and RMB18.8 million, respectively, due to Nanjing Lefang.

In 2019, Zhuhai Hengqin Flash Cloud Payment Information Technology Limited ("Zhuhai Hengqin Payment"), an entity controlled by Mr. Lei Sun, our chairman of the board of directors, provided us with payment processing service in the amount of RMB9.2 million. As of December 31, 2019 and 2020, we had amounts of RMB3.1 million and 4.7 million, respectively, due to Zhuhai Hengqin Payment.

In 2019 and 2020, we received borrower acquisition and referral services from Beijing Jiuzao Technology Limited ("Beijing Jiuzao"), an entity controlled by Mr. Lei Sun, our chairman of the board of directors since December 2019, in the amount of RMB7.3 million and RMB0.9 million (US$0.1 million). As of December 31, 2019 and 2020, we had RMB7.3 million and RMB0.2 million (US$27.4 thousands) due to Beijing Jiuzao.

In 2019 and 2020, we received credit inquiry services from Hangzhou Shuyun Gongjin Technology Limited ("Hangzhou Shuyun"), an entity controlled by Mr. Lei Sun, our chairman of the board of directors, in the amount of RMB5.9 million and RMB0.4 million (US$0.5 million). As of December 31, 2019 and 2020, we had RMB0.9 million and RMB18 thousand (US$2.7 thousand) due to Hangzhou Shuyun.

As of December 31, 2020, we had RMB43.8 million (US$6.7 million) due to Niche Global Fintech Corporation Limited, an equity investee, which represented unpaid investment commitment.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

In 2019, we partnered with PICC under our direct lending program. In November 2019, PICC stopped paying service fees as agreed in the Cooperation Agreement. PICC further disputed with us regarding payments of the service fees under the Cooperation Agreement.

In May 2020, we commenced a legal proceeding against PICC by submitting a complaint with a local court in Beijing for contract non-performance under the Cooperation Agreement. We, together with our legal counsel of the case has determined that PICC has breached its contractual obligation under the Cooperation Agreement for not paying service fees that were due to us under our direct lending program. We are seeking payments of approximately RMB2.3 billion from PICC to cover the outstanding service fees and related late payment losses. After our legal action was filed against PICC, PICC filed a civil lawsuit against us at a local court in Guangzhou claiming that the second amendment under the Cooperation Agreement is invalid, and therefore PICC is not obligated to pay any outstanding service fees and that a portion of the service fees paid to us under the Cooperation Agreement plus accrued interest should be refunded to PICC. We will vigorously assert our rights against PICC and defend ourselves against any claims brought against us by PICC in these legal proceedings. However, both actions remain at the preliminary stage, and it is not possible at this stage to ascertain the outcome of either of the lawsuits. If we do not prevail in either of the lawsuits completely or in part, or fails to reach a favorable settlement with PICC, our results of operations, financial condition, liquidity and prospects would be materially and adversely affected.

We suspended our cooperation with PICC on new loans under our direct lending program since December 2019 and entered into agreements with other financing guarantee companies in providing guarantee services to the institutional funding partners.

Beginning in September 2020, we and certain of our current and former officers, directors and others were named as defendants in various putative securities class actions captioned In re 9F Inc. Securities Litigation, Index No. 654654/2020 (Supreme Court of the State of New York County of New York, Amended Complaint filed Dec. 7, 2020) (the "State Court Action") and Holland v. 9F Inc. et al., No. 2:21-cv-00948 (United States District Court for the District of New Jersey, filed Jan. 20, 2021) (the "Federal Court Action"). Both actions allege that defendants made misstatements and omissions in connection with our initial public offering in August 2019 in violation of the federal securities laws. On April 21, 2021, we have completed briefing on Defendants' Motion to Dismiss the State Court Action, and a decision is currently pending. Both cases remain in their preliminary stages.

Dividend Policy

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

We do not have any present plan to pay 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.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange—Regulations on dividend distribution."

If we pay any dividends on our class A ordinary shares, we will pay those dividends which are payable in respect of the class A ordinary shares represented by our ADSs to the depositary, as the registered holder of such class A ordinary shares, and the depositary then will pay such amounts to our ADS holders in proportion to class A ordinary shares represented by the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities other than Equity Securities—Description of American Depositary Shares." Cash dividends on our class A ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

See "—C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing one Class A ordinary shares of ours, have been listed on the Nasdaq Global Market since August 15, 2019. Our ADSs trade under the symbol "JFU."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our sixth amended and restated memorandum and articles of association and of the Companies Act (2021 Revision), insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our sixth amended and restated memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares. We may not issue bearer shares. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to five votes and is convertible into one Class A ordinary share at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any non-affiliate to such holder, or upon a change of control of any Class B ordinary share to any person who is not an affiliate of the registered holder of such Class B ordinary share, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may by an ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our sixth amended and restated memorandum and articles of association provides that our directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of our directors, be applicable for meeting contingencies or for equalizing dividends or for any other purpose to which those funds may be properly applied. Under Cayman Islands law, our company may declare and pay a dividend only out of funds legally available therefor, namely out of either profit or our share premium account, provided that in no circumstances may we pay a dividend if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the votes attaching to the total ordinary shares present in person or by proxy. In respect of all matters subject to a shareholders' vote on a poll, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to five votes.

A quorum required for a meeting of shareholders consists of one or more shareholders present or by proxy, holding shares which represent, in aggregate, not less than one-third of the votes attaching to the issued and outstanding voting shares in our company entitled to vote at general meetings. Shareholders may be present in person or by proxy or, if the shareholder is a legal entity, by its duly authorized representative. Shareholders' meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding shares which represent, in aggregate, no less than one-third of the votes attaching to the issued and outstanding shares in our company entitled to vote at general meetings; however, our sixth amended and restated memorandum and articles of association does not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting and any other general shareholders' meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our sixth amended and restated memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our sixth amended and restated memorandum and articles of association. Holders of the ordinary shares may, among other things, divide or combine their shares by ordinary resolution.

Transfer of Ordinary Shares. Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;

- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year as our board may determine from time to time.

Liquidation. On a winding up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. We are a "limited liability" company incorporated under the Companies Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our sixth amended and restated memorandum of association contains a declaration that the liability of our members is so limited.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 calendar days prior to the specified time or times of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our sixth amended and restated memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of the company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may be varied with the consent in writing of the holders of all of the holders of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares

Issuance of Additional Shares. Our sixth amended and restated memorandum and articles of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our sixth amended and restated memorandum and articles of association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of preferred shares to constitute the series and the subscription price thereof if different from the par value thereof;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. (other than copies of the memorandum and articles of association, the register of mortgages and charges, and any special resolutions passed by the shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Anti-Takeover Provisions. Some provisions of our sixth amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our sixth amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

General Meetings of Shareholders and Shareholder Proposals. Our shareholders' general meetings may be held in such place within or outside the Cayman Islands as our board of directors considers appropriate.

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our sixth amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors or our chairman. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of the votes attaching to the issued and outstanding shares in our company entitled to vote at general meetings.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting.

However, these rights may be provided in a company's articles of association. Our sixth amended and restated memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of the votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our sixth amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Election and Removal of Directors

Unless otherwise determined by our company in general meeting, our sixth amended and restated articles of association provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a casual vacancy on the board or as an addition to the existing board. Our shareholders may also appoint any person to be a director by way of ordinary resolution.

A director may be removed with or without cause by ordinary resolution.

In addition, the office of any director shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors, (ii) dies or is found to be or becomes of unsound mind, (iii) resigns his office by notice in writing to our company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our board resolves that his office be vacated.

Proceedings of Board of Directors

Our sixth amended and restated memorandum and articles of association provide that our business is to be managed and conducted by our board of directors. The quorum necessary for board meetings may be fixed by the board and, unless so fixed at another number, will be a majority of the directors.

Our sixth amended and restated memorandum and articles of association provide that the board may exercise all the powers of our company to borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our company and to issue debentures and other securities whenever money is borrowed, or as security for any debt, liability or obligation of our company or of any third party.

Changes in Capital

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is incorporated in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be incorporated as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder's shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Register of Members. Under Cayman Islands law, we must keep a register of members and there should be entered therein:

- (i) the names and addresses of the members, together with a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members should be deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members. Upon the closing of the initial public offering, our company's register of members will be immediately updated to record and give effect to the issue of Class A ordinary shares by us to the Depositary (or its nominee) as the depositary. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name in the register of members.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any delinquent or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the comparable provisions of the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) ”merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains, there are statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders or creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court of the Cayman Islands can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule, a derivative action may ordinarily not be brought by a minority shareholder. However, based on English authority, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected (and have had occasion) to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a minority shareholder may be permitted to commence a class action against, or derivative actions in the name of, our company to challenge:

(a) an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders,
(b) act which constitutes a fraud against the minority where the wrongdoers are themselves in control of our company, and
(c) an act which requires a resolution with a qualified (or special) majority (i.e. more than a simple majority) which has not been obtained.

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our sixth amended and restated memorandum and articles of association require us to indemnify our officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, willful default or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our sixth amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore he owes the following duties to the company—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our sixth amended and restated memorandum and articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our sixth amended and restated memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of the votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition a shareholder's meeting, in which case our directors shall convene an extraordinary general meeting. Other than this right to requisition a shareholders' meeting, our sixth amended and restated articles of association do not provide our shareholders with other right to put proposal before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our sixth amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our sixth amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of the company are required to comply with the fiduciary duties which they owe to the company under Cayman Islands law, including the duty to ensure that, in their opinion, any such transactions are bona fide in the best interests of the company and are entered into for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our sixth amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders, or by an ordinary resolution on the basis that our company is unable to pay its debts as they fall due.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our sixth amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of all the holders of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act, our sixth amended and restated memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our sixth amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our sixth amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions," or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Foreign Exchange, Regulations Related to Dividend Distribution, and Regulations Related to Employee Stock Incentive Plan."

E. Taxation

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding tax will be required on the payment of a dividend or capital to any holder of our ordinary shares or the ADSs, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

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

We believe that 9F Inc. is not a PRC resident enterprise for PRC tax purposes. 9F Inc. is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that 9F Inc. meets all of the conditions above. 9F Inc. is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. In addition, we are not aware of any offshore holding companies with a similar corporate structure as ours ever having been deemed a PRC "resident enterprise" by the PRC tax authorities. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body."

If the PRC tax authorities determine that 9F Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of 9F Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that 9F Inc. is treated as a PRC resident enterprise. See "Risk Factors—Risks Related to Doing Business in China and Hong Kong—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Provided that our Cayman Islands holding company, 9F Inc., is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under SAT Public Notice 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferor obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. However, SAT Public Notice 7 also includes safe harbors for internal group restructurings and purchase and sales of shares through a public securities market. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Public Notice 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Bulletin 37, or to establish that we should not be taxed under these circulars. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies."

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the "IRS") or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, and alternative minimum tax considerations, any withholding or information reporting requirements, including pursuant to sections 1471 through 1474 of the Code, or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or ordinary shares).

The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- persons holding their ADSs or ordinary shares in connection with a trade or business outside the United States;
- persons that actually or constructively own 10% or more of our stock (by vote or value);
- investors that have a functional currency other than the U.S. dollar;
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or ordinary shares through such entities,

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U.S. corporation, such as our company, will be a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and our goodwill and other unbooked intangibles will generally be taken into account in determining our asset value. Passive income generally includes, among other things, dividends, interest and income equivalent to interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our variable interest entities and their subsidiaries as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with these entities. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements.

Based on the market price of our ADSs and composition of our assets (in particular the retention of a substantial amount of cash), we believe that we were a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes for our taxable year ended December 31, 202, and we will likely be a PFIC for our current taxable year ending December 31, 2021 unless the market price of our ADSs increases and/or we invest a substantial amount of cash and other passive assets we hold in assets that produce or are held for the production of non-passive income.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. The discussion below under "Dividends" and "Sale or Other Disposition" is written on the basis that we will not be classified as a PFIC for United States federal income tax purposes. The United States federal income tax rules that apply if we are classified as a PFIC for the current taxable year or any subsequent taxable year are discussed below under "Passive Foreign Investment Company Rules."

Dividends

Subject to the discussion below under "Passive Foreign Investment Company Rules," any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders may be subject to tax at the lower capital gains tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) the ADSs or ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed above and below) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period and other requirements are met. The ADSs are listed on the Nasdaq Global Market, which is an established securities market in the United States, and will be considered readily tradable on an established securities market for as long as the ADSs continue to be listed on the Nasdaq Global Market. There can be no assurance that the ADSs will continue to be considered readily tradable on an established securities market in later years. Because the ordinary shares will not be listed on a U.S. exchange, we do not believe that dividends received with respect to ordinary shares that are not represented by ADSs will be treated as qualified dividends. Furthermore, as described above under "Passive Foreign Investment Company Considerations," we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2020, and that we will likely be a PFIC for our current taxable year ending December 31, 2021. Holders are urged to consult their tax advisors regarding the availability of the lower tax rate for dividends paid with respect to our ADSs or ordinary shares in their particular circumstances.

For U.S. foreign tax credit purposes, dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or ordinary shares (see "—People's Republic of China Taxation"). Depending on the U.S. Holder's particular facts and circumstances and subject to a number of complex conditions and limitations, PRC withholding taxes on dividends not in excess of any applicable rate under the income tax treaty between the United States and the PRC may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and each U.S. Holder is urged to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances.

Sale or other disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such ADSs or ordinary shares. Subject to the discussion under "Passive Foreign Investment Company Rules," the gain or loss will generally be capital gain or loss and individuals and other non-corporate U.S. Holders who have held the ADS or ordinary shares for more than one year will generally be eligible for reduced tax rates. However, as described above under "Passive Foreign Investment Company Considerations," we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2020, and we will likely be a PFIC for our current taxable year ending December 31, 2021, in which case gains will be taxed as described in "Passive Foreign Investment Company Rules." The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, in the event that we are deemed to be a PRC resident enterprise and gain from the disposition of the ADSs or ordinary shares is subject to PRC taxation, a U.S. Holder that is eligible for the benefits of the United States-PRC income tax treaty may be able to elect to treat such gain as PRC source income. If a U.S. Holder is not eligible for the benefits of the United States-PRC income tax treaty, or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Each U.S. Holder is advised to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit under its particular circumstances.

Passive foreign investment company rules

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs or ordinary shares even if we cease to meet the threshold requirements for PFIC status unless the U.S. Holder makes a "deemed sale" election, in which case any gain on the deemed sale will be taxed under the PFIC rules described above.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our subsidiaries, our variable interest entity or any of the subsidiaries of our variable interest entity is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, our variable interest entity or any of the subsidiaries of our variable interest entity.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to our ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss in each such taxable year the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs and we cease to be a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable United States Treasury regulations. Our ADSs, but not our ordinary shares, are traded on a qualified exchange or other market. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding our PFIC status and the U.S. federal income tax consequences of owning and disposing of our ADSs or ordinary shares if we are or become a PFIC.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inflation

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2018, 2019 and 2020 were increases of 1.9%, 2.9% and 2.5%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected by higher rates of inflation in China in the future.

Market Risks

Foreign Exchange Risk

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

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

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

Interest rate risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

We do not expect that the fluctuation of interest rates will have a material impact on our financial condition. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market interest rate in the future.

We may invest our cash in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Charges and Charges Our ADS Holders May Have to Pay

Citibank, N.A. acts as the depositary bank for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A.—Hong Kong, located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

An ADS holder will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees
· Issuance of ADSs (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), excluding issuances as a result of distributions described in paragraph (4) below	Up to U.S.$5.00 per 100 ADS (or fraction thereof) issued
·(2) Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited shares, upon a change in the ADS(s)-to share(s) ratio, or for any other reason)	Up to U.S.$5.00 per 100 ADS (or fraction thereof) cancelled
·(3) Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S.$5.00 per 100 ADS (or fraction thereof) held
·(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S.$5.00 per 100 ADS (or fraction thereof) held
·(5) Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., spin-off shares)	Up to U.S.$5.00 per 100 ADS (or fraction thereof) held
·(6) ADS Services	Up to U.S.$5.00 per 100 ADS (or fraction thereof) held on the applicable record date(s) established by the depositary bank
(7) Registration of ADS Transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason).	Up to U.S.$5.00 per 100 ADS (or fraction thereof) held
(8) Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs into freely transferable ADSs, and vice versa).	Up to U.S.$5.00 per 100 ADS (or fraction thereof) converted

An ADS holder will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- in connection with the conversion of foreign currency, the fees, expenses, spreads, taxes and other charges of the depositary and/or conversion service providers (which may be a division, branch or affiliate of the depositary);
- any reasonable and customary out-of-pocket expenses incurred in such conversion and/or on behalf of the holders and beneficial owners in complying with currency exchange control or other governmental requirements; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Fees and Other Payments Made by the Depositary to Us

The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time. In 2020, we received approximately US$2.2 million, net of applicable taxes as reimbursement from the depositary.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares" for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1, as amended (File Number 333-232802) (the "F-1 Registration Statement") in relation to our initial public offering of 8,900,000 ADSs representing 8,900,000 Class A ordinary shares, at an initial offering price of US$9.5 per ADS. We offered and sold 6,750,000 ADSs and the selling shareholders offered and sold 2,150,000 ADSs in our initial public offering. Our initial public offering closed in August 2019. Credit Suisse Securities (USA) LLC was the representatives of the underwriters for our initial public offering.

The F-1 Registration Statement was declared effective by the SEC on August 14, 2019. The total expenses incurred for our company's account in connection with our initial public offering was approximately US$13.0 million, which included approximately US$6.7 million in underwriting discounts and commissions for the initial public offering and approximately US$6.3 million in other costs and expenses for our initial public offering. Counting in the ADSs sold upon the exercise of the over-allotment option by our underwriters which was closed in September 2019, we offered and sold an aggregate of 8,085,000 ADSs at an initial public offering price of US$9.5 per ADS, and received approximately US$66.8 million in net proceeds after deducting underwriting commissions and discounts and the offering expenses payable by us. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from August 14, 2019, the date that the F-1 registration statement was declared effective by the SEC, to the date of this annual report, we have used approximately US$21.3 million of the net proceeds from our initial public offering, including US$18.1 million in investment in *Fuyuan Securities* for its current and future operations, and US$3.2 million in investment in Southeast Asia. We still intend to use the proceeds from our initial public offering, as disclosed in our registration statements on Form F-1, to the extent the referrences to our product offerings will reflect our transitioning into a technology company.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and chief financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of December 31, 2020, our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below. Notwithstanding thereof, we believe that our consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material respects.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Our management, with the participation of our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of our company's internal control over financial reporting as of December 31, 2020 based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 Framework). Based on this evaluation, we noted the following deficiencies that we believe to be material weaknesses: (i) one material weakness that has been identified related to the lack of sufficient financial reporting and accounting personnel with appropriate U.S. GAAP knowledge and SEC reporting requirements to properly address complex U.S. GAAP technical accounting issues and to prepare and review financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, and (ii) the other two material weaknesses that have been identified related to the lack of appropriate detailed account analysis and related account reconciliation in the Company's book close process, and the lack of documentation in support of the Company's key process flows and related key internal control policies and procedures as well as documentation of the Company's critical accounting estimates and the procedures it has completed to ensure compliance with U.S. GAAP. Either of these material weaknesses, if not timely remedied, may lead to significant misstatements in our consolidated financial statements in the future

As a result of the above material weaknesses, management has concluded that our internal control over financial reporting was ineffective as of December 31, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business— In connection with the audit of our consolidated financial statements included in this annual report, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud."

Management's Plan for Remediation of Material Weaknesses

Our management has been engaged in and continues to be engaged in making necessary changes and improvements to the overall design of the Company's control environment to address the material weaknesses in internal control over financial reporting and the ineffectiveness of our disclosure controls and procedures and of internal control over financial reporting described above.

To remediate the material weaknesses described above, we plan to (i) enhance the effectiveness of our financial reporting process by placing additional focus on the timeliness and quality of our detailed account analyses, and (ii) strengthen the integrity of our disclosure controls by developing a formal process to ensure that all significant transactions will be thoroughly evaluated for disclosure during the financial reporting process

We have implemented the following measures to address the material weaknesses identified. We have engaged a qualified financial consulting firm with extensive experience in U.S. GAAP and SEC reporting to assist us in the preparation of our consolidated financial statements and related notes to the financial statements; completion of related account analyses and reconciliations; and development of relevant accounting policy and procedures that are designed to ensure compliance with compliance with U.S. GAAP. However, the implementation of these measures is still at an early stage and we need more time to fully implement these measures to remediate the materials weaknesses. Therefore, we cannot assure you that the implementation of these measures will be sufficient to eliminate such material weaknesses, or that material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry— In connection with the audit of our consolidated financial statements included in this annual report, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud."

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

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Haitian Lu, member of our audit committee and independent directors (under the standards set forth in Rule 5605(c)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act, is an audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees, effective in August 2019. We have posted a copy of our code of business conduct and ethics on our website at *http://ir.9fgroup.com/corporate/governance-overview*.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP Marcum Bernstein & Pinchuk LLP and Wei, Wei & Co., LLP, our principal external auditor, for the periods indicated. We did not pay any other fees to our auditor during the periods indicated below.

The table below set forth information about fees payable by us to Wei, Wei & Co., LLP for the fiscal year ended December 31, 2020.

	For the Year Ended December 31, 2020 (in thousands of RMB)
Audit fees(1)	8,273
Tax fees(2)	129

The table below set forth information about fees payable by us to Marcum Bernstein & Pinchuk LLP for the fiscal year ended December 31, 2020.

	For the Year Ended December 31, 2020 (in thousands of RMB)
Audit fees(3)	1,566
Tax fees	—

The table below set forth information about fees payable by us to Deloitte Touche Tohmatsu Certified Public Accountants LLP for the fiscal year ended December 31, 2019.

	For the Year Ended December 31, 2019 (in thousands of RMB)
Audit fees(4)	22,090
Tax fees(2)	550

Notes:

(1) "Audit fees" represents the aggregate fees billed for professional services rendered by our principal auditor for the audit of our annual financial statements.

(2) "Tax fees" represents the aggregate fees billed for professional services rendered by our principal accounting firm for tax compliance, tax advice and tax planning.

(3) "Audit fees" represents the aggregate fees billed for professional services rendered by our principal auditor for the audit of our annual financial statements, for which no report has been issued to us.

(4) "Audit fees" represents the aggregate fees billed for professional services rendered by our principal auditor for the audit of our annual financial statements.

(5) "Audit fees" represents the aggregate fees billed for professional services rendered by our principal auditor for the audit of our annual financial statements and the review of our comparative interim financial statements, including audit fees relating to our initial public offering in 2019.

The policy of our audit committee is to pre-approve all audit and other service provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP for the year ended December 31, 2019 and Marcum Bernstein & Pinchuk LLP Wei, Wei & Co., LLP for the year ended December 31, 2020 as described above, other than those for *de minimis* services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

See "Item 16G. Corporate Governance."

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On February 9, 2021, our audit committee approved the replacement of Deloitte Touche Tohmatsu Certified Public Accountants LLP, or Deloitte, as our independent registered public accounting firm. We engaged Marcum Bernstein & Pinchuk LLP ("MarcumBP"), as our independent registered public accounting firm. The change of our independent registered public accounting firm was approved by the audit committee of our board. The decision was not made due to any disagreements between us and Deloitte.

The reports of Deloitte on our consolidated financial statements for the fiscal years ended December 31, 2018 and 2019 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended December 31, 2019 and 2020 and the subsequent interim period through February 9, 2021, there have been no (i) disagreements between us and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedure, which disagreements if not resolved to the satisfaction of Deloitte would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report, or (ii) "reportable events", as defined in item 16F(a)(1)(v) of the instructions to 20-F, that would be required to be described this annual report other than the material weaknesses as of December 31, 2018 and 2019 of lack of sufficient financial reporting and accounting personnel with appropriate U.S. GAAP knowledge and SEC reporting requirements to properly address complex U.S. GAAP technical accounting issues and to prepare and review financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC and lack of comprehensive accounting policies and procedures manual in accordance with U.S. GAAP disclosed in our current report on Form 20-F filed with the SEC on June 24, 2020.

We have provided Deloitte with a copy of the disclosures hereunder and required under Item 16F of Form 20-F and requested from Deloitte a letter addressed to the SEC indicating whether it agrees with such disclosures. A copy of Deloitte's letter dated May 17, 2021 is attached as Exhibit 16.1.

During each of the fiscal years ended December 31, 2019 and 2020 and the subsequent interim period through February 9, 2021, neither we nor anyone on behalf of us has consulted with MarcumBP regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that MarcumBP concluded was an important factor considered by us in reaching a decision as to any accounting, audit, or financial reporting issue, (ii) any matter that was the subject of a disagreement pursuant to Item 16F(a)(1)(iv) of the instructions to Form 20-F, or (iii) any reportable event pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F.

On May 16, 2021, our audit committee approved the previous appointment of Wei, Wei & Co., LLP ("WWC") as our independent registered public accounting firm to replace MarcumBP. The change of our independent registered public accounting firm had been approved by the audit committee of our board, and the decision was not made due to any disagreements between us and MarcumBP.

During the fiscal years ended December 31, 2019 and 2020 and the subsequent interim period through May 16, 2021, there have been no (i) disagreements between us and MarcumBP on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedure, which disagreements if not resolved to the satisfaction of MarcumBP would have caused them to make reference thereto in their reports on the consolidated financial statements for such years, or (ii) reportable events as defined in Item 16F(a)(1)(v) of the instructions to Form 20-F.

We have provided MarcumBP with a copy of the disclosures hereunder and required under Item 16F of Form 20-F and requested from MarcumBP a letter addressed to the SEC indicating whether it agrees with such disclosures. A copy of MarcumBP's letter dated May 16, 2021 is attached as Exhibit 16.2.

During each of the fiscal years ended December 31, 2019 and 2020 and the subsequent interim period through May 16, 2021, neither we nor anyone on behalf of us has consulted with WWC regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that W&W concluded was an important factor considered by us in reaching a decision as to any accounting, audit, or financial reporting issue, (ii) any matter that was the subject of a disagreement pursuant to Item 16F(a)(1)(iv) of the instructions to Form 20-F, or (iii) any reportable event pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands exempted company listed on the Nasdaq Global Market, we are subject to the Nasdaq listing standards. Section 5605(b)(1), Section 5605(c)(2) and Section 5635(c) of the Nasdaq Listing Rules requires listed companies to have, among other things, a majority of its board members to be independent, an audit committee of at least three members and shareholders' approval on adoption of equity incentive awards plans. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. We followed home country practice with respect to the requirements for the majority of the board being independent and maintaining an audit committee of at least three members. We have also adopted a new equity incentive award plan without shareholders' approval.

Our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq listing standards applicable to U.S. domestic issuers given our reliance on the home country practice exception.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide consolidated financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of 9F Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Form of Sixth Amended and Restated Memorandum and Articles of Association of the Registrant, effective August 15, 2019 (incorporated herein by reference to Exhibit 3.2 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3) (incorporated herein by reference to Exhibit 4.3 to the Form S-8 filed on May 19, 2020 (File No. 333-238489))
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the Form F-1/A filed on August 8, 2019 (File No. 333-232802))
2.3	Deposit Agreement dated August 19, 2019, among the Registrant, the depositary and the holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.3 to the Form S-8 filed on May 19, 2020 (File No. 333-238489))
2.4	Shareholders Agreement between the Registrant and other parties thereto dated September 20, 2018 (incorporated herein by reference to Exhibit 4.4 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
2.5	Description of rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.5 to the annual report on Form 20-F for the year ended December 31, 2019 filed on June 24, 2020 (File No. 001-39025))
4.1	2015 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
4.2	2016 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
4.3	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.4 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
4.4	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
4.5*	English version of executed form of master exclusive service agreement between a VIE and the WFOE of the Registrant, as currently in effect, and a schedule of all executed master exclusive service agreements adopting the same form in respect of each of the VIEs of the Registrant
4.6*	English version of executed form of exclusive option agreement among a VIE of the Registrant, its shareholder, the WFOE of the Registrant, and the Registrant, as currently in effect, and a schedule of all executed exclusive option agreements adopting the same form in respect of each of the VIEs of the Registrant
4.7*	English version of executed form of equity interest pledge agreement among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed equity interest pledge agreements adopting the same form in respect of each of the VIEs of the Registrant
4.8*	English version of executed form of proxy agreement and power of attorney among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed proxy agreements and powers of attorney adopting the same form in respect of each of the VIEs of the Registrant
4.9*	English version of executed form of loan agreement between the shareholder of a VIE and the WFOE of the Registrant, as currently in effect, and a schedule of all executed loan agreements adopting the same form in respect of each of the VIEs of the Registrant

Exhibit Number	Description of Document
4.10*	English version of executed form of spousal consent letter of the spouse of an individual shareholder of Jiufu Shuke as currently in effect, and a schedule of all executed spousal consent letters adopting the same form in respect of each shareholder, if applicable, of Jiufu Shuke
4.11*	2021 Share Incentive Plan
8.1*	Significant subsidiaries and consolidated affiliated entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the Form F-1 filed on July 25, 2019 (File No. 333-232802))
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Han Kun Law Offices
15.2*	Consent of Wei, Wei & Co., LLP
15.3*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
16.1*	Letter from Deloitte Touche Tohmatsu Certified Public Accountants LLP regarding Item 16F of this annual report.
16.2*	Letter from Marcum Bernstein & Pinchuk LLP regarding Item 16F of this annual report.
101.INS*	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH*	Inline XBRL Taxonomy Extension Scheme Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

9F Inc.

By: /s/ Lei Liu
Name: Lei Liu
Title: Chief Executive Officer

Date: May 17, 2021

9F Inc.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of 9F Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of 9F Inc. and subsidiaries (the "Company") as of December 31, 2020, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended, and the related notes and Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audit also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 to the financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Wei, Wei & Co., LLP

Flushing, New York
May 17, 2021

We have served as the Company's auditors since 2021.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of 9F Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of 9F Inc., and its subsidiaries (the "Company") as of December 31, 2019, the related consolidated statements of operations, comprehensive (loss) income, changes in equity, and cash flows, for each of the two years in the period ended December 31, 2019, and the related notes and the schedule listed in Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Note 21 and 22 to the financial statements, subsequent to December 31, 2019, the Company experienced significant disruption to its operations resulting from the outbreak of COVID-19 epidemic, and in addition, has initiated legal action against PICC Property and Casualty Company Limited Guangdong Branch, which the Company had contracted with under the direct lending model. The Company has taken various measures to counter such disruptions. Our opinion is not modified with respect to these matters.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China
June 24, 2020

We have served as the Company's auditor since 2018. In 2021, we became the predecessor auditor.

9F Inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except for number of shares)

	December 31, 2019 RMB	December 31, 2020 RMB	December 31, 2020 US$ (Note 2)
ASSETS:			
Cash and cash equivalents	4,684,003	2,726,712	417,887
Restricted cash	125,437	390,702	59,878
Term deposits	24,000	133,761	20,500
Accounts receivable, net of allowance for doubtful accounts of RMB1,433,449 and RMB1,446,994 as of December 31, 2019 and 2020, respectively	280,995	40,862	6,262
Other receivables, net of allowance for doubtful accounts of RMB36,773 and RMB17,396 as of December 31, 2019 and 2020, respectively	117,340	126,745	19,425
Loan receivables, net of allowance for doubtful accounts of RMB615,592 and RMB320,364 as of December 31, 2019 and 2020, respectively	778,480	267,383	40,978
Amounts due from related parties	50,000	—	—
Prepaid expenses and other assets	1,137,787	793,092	121,547
Contract assets, net of allowance for losses of RMB2,255 and RMB14,749 as of December 31, 2019 and 2020, respectively	24,824	10,374	1,590
Long-term investments,net	775,644	738,272	113,145
Operating lease right-of-use assets, net	121,791	28,668	4,394
Property, equipment and software, net	110,376	63,396	9,716
Goodwill, net	72,224	22,121	3,390
Intangible assets, net	73,476	44,413	6,807
Deferred tax assets, net	503,987	—	—
TOTAL ASSETS	**8,880,364**	**5,386,501**	**825,519**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deferred revenue (including deferred revenue of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB772,340 and RMB81,246 as of December 31, 2019 and 2020, respectively)	788,906	82,643	12,666
Payroll and welfare payable (including payroll and welfare payable of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB35,958 and RMB29,152 as of December 31, 2019 and 2020, respectively)	41,646	34,540	5,293
Income tax payable (including income taxes payable of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB303,684 and RMB224,533 as of December 31, 2019 and 2020, respectively)	320,350	255,244	39,118
Accrued expenses and other liabilities (including accrued expenses and other liabilities of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB1,056,128 and RMB238,170 as of December 31, 2019 and 2020, respectively)	1,229,110	726,686	111,370
Operating lease liabilities (including operating lease liabilities of the consolidated VIEs and VIEs' subsidiaries without resource to the Group of RMB119,005 and RMB19,100 as of December 31, 2019 and 2020, respectively)	125,407	29,503	4,522
Amounts due to related parties (including amounts due to related parties of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB29,902 and RMB24,146 as of December 31, 2019 and 2020, respectively)	29,902	25,289	3,876
Deferred tax liabilities (including deferred tax liabilities of the consolidated VIEs and VIEs' subsidiaries without recourse to the Group of RMB13,200 and RMB5,742 as of December 31, 2019 and 2020, respectively)	17,215	9,280	1,422
TOTAL LIABILITIES	**2,552,536**	**1,163,185**	**178,267**
Commitments and Contingencies (Note 21)			
Shareholders' equity:			
Class A ordinary shares (US$0.00001 par value; 4,600,000,000 shares authorized as of December 31, 2019 and 2020; 128,228,600 and 142,348,281 shares issued and outstanding as of December 31, 2019 and 2020, respectively)	1	1	—
Class B ordinary shares (US$0.00001 par value; 200,000,000 shares authorized as of December 31, 2019 and 2020; 66,962,400 and 61,162,400 shares issued and outstanding as of December 31, 2019 and 2020)	1	1	—
Additional paid-in capital	5,241,296	5,531,926	847,805
Statutory reserves	459,029	466,352	71,472
Retained earnings (deficit)	488,236	(1,822,749)	(279,349)
Accumulated other comprehensive income	92,220	(6,953)	(1,066)
Total 9F Inc. shareholders' equity	**6,280,783**	**4,168,578**	**638,862**
Non-controlling interest	47,045	54,738	8,390
Total shareholders' equity	**6,327,828**	**4,223,316**	**647,252**
TOTAL LIABILITIES AND SHAREHOLERS' EQUITY	**8,880,364**	**5,386,501**	**825,519**

The accompanying notes are an integral part of these consolidated financial statements.

9F Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB	Year ended December 31, 2020 US$ (Note 2)
Net revenues:				
Loan facilitation services	4,960,671	3,477,897	177,147	27,149
Post-origination services	367,439	604,732	859,102	131,663
Others	228,372	342,334	219,756	33,679
Total net revenues	**5,556,482**	**4,424,963**	**1,256,005**	**192,491**
Operating costs and expenses:				
Sales and marketing (including services provided by related parties of RMB37,769 in 2018,RMB42,770 in 2019 and RMB901 in 2020)	(1,746,375)	(2,343,428)	(343,056)	(52,576)
Origination and servicing (including services provided by related parties of RMB39,000 in 2018,RMB15,120 in 2019 and RMB358 in 2020)	(444,830)	(1,137,451)	(543,487)	(83,293)
General and administrative (including share-based compensation of RMB508,162 in 2018,RMB353,151 in 2019 and RMB290,630 in 2020)	(1,159,746)	(1,155,747)	(1,303,833)	(199,821)
Reversal of (provision for) doubtful contract assets and receivables	2,637	(2,148,638)	(347,803)	(53,303)
Total operating costs and expenses	**(3,348,314)**	**(6,785,264)**	**(2,538,179)**	**(388,993)**
Interest income	208,350	225,751	102,425	15,697
Impairment loss of investments	(23,140)	(154,898)	(462,490)	(70,880)
Impairment loss of goodwill	—	—	(50,291)	(7,707)
Impairment loss of intangible assets and property, equipment and software	—	—	(38,145)	(5,846)
Gain recognized on remeasurement of previously held equity interest in acquiree	—	16,272	—	—
Net loss from disposal of subsidiaries	(257)	—	—	—
Other income, net	25,608	52,852	39,112	5,994
Income (loss) before income tax expense and earnings (loss) in equity method investments	**2,418,729**	**(2,220,324)**	**(1,691,563)**	**(259,244)**
Income tax (expense) benefit	(402,403)	174,597	(538,322)	(82,501)
Earnings (loss) in equity method investments, net of tax of nil, RMB3,425 and RMB10,669 in 2018, 2019 and 2020	(41,143)	(107,918)	(21,317)	(3,267)
Net income (loss)	**1,975,183**	**(2,153,645)**	**(2,251,202)**	**(345,012)**
Net income (loss) attributable to the non-controlling interest shareholders	6,621	(5,931)	(7,693)	(1,179)
Net income (loss) attributable to 9F Inc.	**1,981,804**	**(2,159,576)**	**(2,258,895)**	**(346,191)**
Change in redemption value of preferred shares	(17,225)	(10,711)	—	—
Net income (loss) attributable to ordinary shareholders	**1,964,579**	**(2,170,287)**	**(2,258,895)**	**(346,191)**
Net income (loss) per ordinary share				
Basic	10.57	(12.43)	(11.37)	(1.74)
Diluted	9.41	(12.43)	(11.37)	(1.74)
Weighted average number of ordinary shares ordinary share				
Basic	162,672,800	174,552,468	198,596,879	198,596,879
Diluted	185,735,200	174,552,468	198,596,879	198,596,879

The accompanying notes are an integral part of these consolidated financial statements.

9F Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2020
	RMB	RMB	RMB	US$
Net income (loss)	**1,975,183**	**(2,153,645)**	**(2,251,202)**	**(345,012)**
Other comprehensive income (loss):				
Foreign currency translation adjustment	84,430	12,126	(99,173)	(15,199)
Unrealized gains (losses) on available for sale investments, net of tax of nil	(1,146)	(99)	—	—
Total comprehensive income (loss)	**2,058,467**	**(2,141,618)**	**(2,350,375)**	**(360,211)**
Total comprehensive income (loss) attributable to the non-controlling interest shareholders	6,621	(5,931)	(7,693)	(1,179)
Total comprehensive income (loss) attributable to 9F Inc.	**2,065,088**	**(2,147,549)**	**(2,358,068)**	**(361,390)**

The accompanying notes are an integral part of these consolidated financial statements

9F Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands except for number of shares)

	9F Inc. Shareholders' Equity								
	Ordinary shares								
	Number of shares	Amount	Additional paid-in capital	Statutory reserve	Retained earnings	Accumulated other comprehensive income (loss)	Total 9F Inc. shareholders' equity	Non-controlling interest	Total shareholders' equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2018	**162,672,800**	**—**	**3,046,725**	**446,277**	**2,671,275**	**80,193**	**6,244,470**	**10,450**	**6,254,920**
Issuance of ordinary shares upon Initial Public Offering ("IPO") net of issuance cost of RMB31,776 (Note 15)	8,085,000	—	463,065	—	—	—	463,065	—	463,065
Conversion of convertible preferred shares to ordinary shares	24,433,200	2	1,393,131	—	—	—	1,393,133	—	1,393,133
Change in redemption value of preferred shares (Note 14)	—	—	—	—	(10,711)	—	(10,711)	—	(10,711)
Share-based compensation	—	—	353,151	—	—	—	353,151	—	353,151
Net income (loss)	—	—	—		(2,159,576)	—	(2,159,576)	5,931	(2,153,645)
Provision of statutory reserve	—	—	—	12,752	(12,752)	—	—	—	—
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	8,913	8,913
Non-controlling interest arising from an acquisition	—	—	—	—	—	—	—	15,862	15,862
Purchase of non-controlling interests	—	—	(14,776)	—	—	—	(14,776)	5,889	(8,887)
Other comprehensive income	—	—	—	—	—	12,027	12,027	—	12,027
Balance as of December 31, 2019	**195,191,000**	**2**	**5,241,296**	**459,029**	**488,236**	**92,220**	**6,280,783**	**47,045**	**6,327,828**
Adoption of new accounting standard	—	—	—	—	(44,767)	—	(44,767)	—	(44,767)
Exercise of share options	8,319,681	—	—	—	—	—	—	—	—
Share-based compensation	—	—	290,630	—	—	—	290,630	—	290,630
Net income (loss)	—	—	—	—	(2,258,895)	—	(2,258,895)	7,693	(2,251,202)
Provision of statutory reserve	—	—	—	7,323	(7,323)	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(99,173)	(99,173)	—	(99,173)
Balance as of December 31, 2020	**203,510,681**	**2**	**5,531,926**	**466,352**	**(1,822,749)**	**(6,953)**	**4,168,578**	**54,738**	**4,223,316**

The accompanying notes are an integral part of these consolidated financial statements.

9F Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2020
	RMB	RMB	RMB	US$ (Note 2)
Cash Flows from Operating Activities:				
Net income (loss)	1,975,183	(2,153,645)	(2,251,202)	(345,012)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation	16,123	28,071	14,500	2,222
Amortization	2,640	9,398	9,717	1,489
Share-based compensation	508,162	353,151	290,630	44,541
Loss from disposal of property and equipment	175	1,123	2,534	388
Share of loss in equity method investments	41,143	29,455	21,317	3,268
Gain recognized on remeasurement of previously held equity interest in acquiree	—	(16,272)	—	—
Loss from disposals of subsidiaries	257	—	—	—
Change in fair value of a long-term investment	(1,500)	—	—	—
Impairment loss of equity securities without readily determinable fair value	23,140	154,898	282,076	43,230
Impairment loss of equity method investment	—	22,830	179,193	27,463
Impairment loss of held-to-maturity investment	—	—	1,221	187
Impairment loss of intangible asset	—	—	17,220	2,639
Impairment loss of property, equipment and software	—	—	20,925	3,207
Loss from disposal of equity method investments	2,035	59,058	—	—
Gain from disposal of equity securities without readily determinable fair value	—	(6,057)	—	—
Provision for (reversal of) allowance for doubtful accounts	(2,966)	2,133,827	340,287	52,151
Provision for doubtful contract assets	329	14,811	18,605	2,851
Impairment of goodwill	—	6,191	50,291	7,707
Changes in operating assets and liabilities				
Accounts receivable	122,956	(1,539,946)	234,860	35,994
Other receivables	(53,806)	38,462	(55,605)	(8,520)
Loan receivables	—	(127,518)	(22,862)	(3,506)
Contract assets	(12,971)	(26,993)	(335,105)	(51,357)
Prepaid expenses and other assets	(16,015)	56,586	570,392	87,416
Operating lease right-of-use assets	—	54,108	93,123	14,272
Deferred tax assets	26,776	(419,648)	503,987	77,239
Amount due from/to related parties	(20,852)	21,768	(41,323)	(6,331)
Accrued expenses and other liabilities	(53,050)	479,303	(807,117)	(123,695)
Income tax payable	(148,109)	4,068	(65,056)	(9,970)
Payroll and welfare payable	(25,985)	2,704	(7,106)	(1,089)
Deferred revenue	(37,223)	442,059	(706,263)	(108,240)
Deferred tax liabilities	(550)	(346)	(7,934)	(1,216)
Operating lease liabilities	—	(50,493)	(95,905)	(14,698)
Net cash provided by (used in) operating activities	**2,345,892**	**(429,047)**	**(1,744,599)**	**(267,370)**
Cash Flows from Investing Activities:				
Purchases of property, equipment and software and intangible assets	(48,575)	(56,690)	—	—
Disposals of property and equipment	56	81	43,674	6,693
Purchase of term deposits	(1,650,986)	(232,325)	(109,761)	(16,822)
Redemptions of term deposits	1,549,617	1,048,830	9,675	1,483
Acquisitions of subsidiaries, net of cash acquired	—	(49,411)		
Purchases of long-term investments	(501,091)	(192,684)	(469,578)	(71,966)
Disposal of long-term investments	—	50,887	31,497	4,827
Prepayment of investments	—	(632,096)	—	—
Payments for origination of loans receivable	(1,712,025)	(756,068)	—	—
Proceeds from collection of loans receivable	1,244,282	30,400	533,959	81,833
Loans to related parties	(142,181)	(50,884)	—	—
Repayment of loans to related parties	24,083	141,236	—	—
Capital paid for acquiring non-controlling interest	—	(8,887)	—	—
Net cash (used in) provided by investing activities	(1,236,820)	(707,611)	39,466	6,048
Cash Flows from Financing Activities:				
Net proceeds from initial public offering and from exercising the over-allotment option by the underwriters (net of issuance cost of RMB31,776)	—	463,065	—	—
Capital contribution by non-controlling shareholders	1,101	8,913	12,896	1,976
Proceeds from issuance of convertible redeemable preferred shares, net of issuance cost of RMB519 and nil for the years ended December 31, 2018 and 2019, respectively.	544,785	—	—	—
Net cash provided by financing activities	545,886	471,978	12,896	1,976
Effect of foreign exchange rate changes on cash, cash equivalent and restricted cash	35,333	5,043	212	32
Net increase (decrease) in cash, cash equivalent, and restricted cash	1,690,291	(659,637)	(1,692,026)	(259,314)
Cash, cash equivalent, and restricted cash at the beginning of the year	3,778,786	5,469,077	4,809,440	737,079
Cash, cash equivalent, and restricted cash at the end of the year	5,469,077	4,809,440	3,117,414	477,765
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	522,286	327,234	163,000	24,981
Reconciliation to amounts on consolidated balance sheets:				
Cash and cash equivalents	5,469,077	4,684,003	2,726,712	417,887
Restricted cash	—	125,437	390,702	59,878
Total cash, cash equivalents, and restricted cash	**5,469,077**	**4,809,440**	**3,117,414**	**477,765**

Supplemental disclosure of non-cash investing and financing activities:

In 2019, the Group completed several business combinations. Details of non-cash activities arising from these acquisitions are set out in Note 3.

The accompanying notes are an integral part of these consolidated financial statements.

9F Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

9F Inc. (the "Company" or "9F") was incorporated under the laws of the Cayman Islands on January 24, 2014. The Company, its subsidiaries, its consolidated variable interest entities ("VIEs") and VIEs' subsidiaries (collectively referred to as the "Group") are digital platform integrating and personalizing financial services in the People's Republic of China ("PRC"). The Group provides a comprehensive range of financial products and services across online lending, wealth management, and payment facilitation, all integrated under a single digital financial account. In light of the tightening of the RPC regulatory environment, the Group significantly decreased its online lending information intermediary services in 2020 in the PRC and are planning to replace the lost business by developing markets outside the PRC.

Prior to the incorporation of the Company, the Group operated its business in China through Jiufu Shuke Technology Group Co, Ltd ("Jiufu Shuke"), formerly known as Jiufu Jinke Holding Group Co, Ltd., as a limited liability company owned by the original shareholders (the "Founders"), Zhenxiang Zhong, Guangwu Gao, and Yifan Ren. On August 25, 2014, Jiufu Shuke became the Group's consolidated VIEs through the contractual arrangements described below in "Basis of consolidation" in Note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements of the Group have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and consolidated VIEs, including the VIEs' subsidiaries, for which the Group is the primary beneficiary.

All transactions and balances among the Company, its subsidiaries, the VIEs and the VIEs' subsidiaries have been eliminated upon consolidation.

As PRC laws and regulations prohibit and restrict foreign ownership of internet value-added businesses, the Group operates its internet related business in the PRC through two PRC domestic companies, Jiufu Shuke and Beijing Puhui Lianyin Information Technology Limited ("Beijing Puhui"), whose equity interests are held by certain management members and the Founders of the Group. The Group established four wholly-owned foreign invested subsidiaries in the PRC, Beijing Shuzhi Lianyin Technology Co., Ltd ("Shunzhi Lianyin"), Zhuhai Xiaojin Hulian Technology Co., Ltd ("Xiaojin Hulian"), Zhuhai Wukong Youpin Technology Co., Ltd ("Wukong Youpin"), and Qinghai Fuyuan Network Technology (Shenzhen) Co., Ltd ("Qinghai Fuyuan", together with Shunzhi Lianyin, Xiaojin Hulian, and Wukong Youpin collectively referred as the "WFOEs").

By entering into a series of agreements (the "VIE Agreements"), the Group, through WFOEs, obtained control over Jiufu Shuke and Beijing Puhui (collectively referred as "VIEs"). The VIE Agreements enable the Group to (1) have power to direct the activities that most significantly affect the economic performance of the VIEs, and (2) receive the economic benefits of the VIEs that could be significant to the VIEs. Accordingly, the Group is considered the primary beneficiary of the VIEs and has consolidated the VIEs' financial results of operations, assets and liabilities in the Group's consolidated financial statements. In making the conclusion that the Group is the primary beneficiary of the VIEs, the Group's rights under the Power of Attorney also provide the Group's abilities to direct the activities that most significantly impact the VIEs' economic performance. The Group also believes that this ability to exercise control ensures that the VIEs will continue to execute and renew the Master Exclusive Service Agreement and pay service fees to the Group. By charging service fees to be determined and adjusted at the sole discretion of the Group, and by ensuring that the Master Exclusive Service Agreement is executed and remains effective, the Group has the rights to receive substantially all of the economic benefits from the VIEs.

Details of the VIE Agreements, are set forth below:

VIE Agreements that were entered to give the Group effective control over the VIEs include:

Voting Rights Proxy Agreement and Irrevocable Power of Attorney

Under which each shareholder of the VIEs grant to any person designated by WFOEs to act as its attorney-in-fact to exercise all shareholder rights under PRC law and the relevant articles of association, including but not limited to, appointing directors, supervisors and officers of the VIEs as well as the right to sell, transfer, pledge and dispose all or a portion of the equity interest held by such shareholders of the VIEs. The proxy and power of attorney agreements will remain effective as long as WFOEs exist. The shareholders of the VIEs do not have the right to terminate the proxy agreements or revoke the appointment of the attorney-in-fact without written consent of the WFOEs.

Exclusive Option Agreement

Under which each shareholder of the VIEs granted 9F or any third party designated by 9F the exclusive and irrevocable right to purchase from such shareholders of the VIEs, to the extent permitted by PRC law and regulations, all or part of their respective equity interests in the VIEs for a purchase price equal to the registered capital. The shareholders of the VIEs will then return the purchase price to 9F or any third party designated by 9F after the option is exercised. 9F may transfer all or part of its option to a third party at its own option. The VIEs and its shareholders agree that without prior written consent of 9F, they may not transfer or otherwise dispose the equity interests or declare any dividends. The restated option agreement will remain effective until 9F or any third party designated by 9F acquires all equity interest of the VIEs.

Spousal Consent

The spouse of each shareholder of the VIEs has entered into a spousal consent letter to acknowledge that he or she consents to the disposition of the equity interests held by his or her spouse in the VIEs in accordance with the exclusive option agreement, the power of attorney and the equity pledge agreement regarding VIE structure described above, and any other supplemental agreement(s) may be consented by his or her spouse from time to time. Each such spouse further agrees that he or she will not take any action or raise any claim to interfere with the arrangements contemplated under the mentioned agreements. In addition, each such spouse further acknowledges that any right or interest in the equity interests held by his or her spouse in the VIEs do not constitute property jointly owned with his or her spouse and each such spouse unconditionally and irrevocably waives any right or interest in such equity interests.

Loan Agreement

Pursuant to the loan agreements between WFOEs and each shareholder of the VIEs, WFOEs extended loans to the shareholders of the VIEs, who had contributed the loan principal to the VIEs as registered capital. The shareholders of VIEs may repay the loans only by transferring their respective equity interests in VIEs to 9F Inc. or its designated person(s) pursuant to the exclusive option agreements. These loan agreements will remain effective until the date of full performance by the parties of their respective obligations thereunder.

VIE Agreements that enables the Group to receive substantially all of the economic benefits from the VIEs include:

Equity Interest Pledge Agreement

Pursuant to equity interest pledge agreement, each shareholder of the VIEs has pledged all of his or her equity interest held in the VIEs to WFOEs to secure the performance by VIEs and their shareholders of their respective obligations under the contractual arrangements, including the payments due to WFOEs for services provided. In the event that the VIEs breach any obligations under these agreements, WFOEs as the pledgees, will be entitled to request immediate disposal of the pledged equity interests and have priority to be compensated by the proceeds from the disposal of the pledged equity interests. The shareholders of the VIEs shall not transfer their equity interests or create or permit to be created any pledges without the prior written consent of WFOEs. The equity interest pledge agreement will remain valid until the master exclusive service agreement and the relevant exclusive option agreements and proxy and power of attorney agreements, expire or terminate.

Master Exclusive Service Agreement

Pursuant to exclusive service agreement, WFOEs have the exclusive right to provide the VIEs with technical support, consulting services and other services. WFOEs shall exclusively own any intellectual property arising from the performance of the agreement. During the term of this agreement, the VIEs may not accept any services covered by this agreement provided by any third party. The VIEs agree to pay service fees to be determined and adjusted at the sole discretion of the WFOEs. The agreement will remain effective unless WFOEs terminate the agreement in writing.

Risks in relation to the VIE structure

The Group believes that the contractual arrangements with the VIEs and their current shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Group's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- Revoke the business and operating licenses of the Group's PRC subsidiaries or consolidated affiliated entities;
- Discontinue or restrict the operations of any related-party transactions among the Group's PRC subsidiaries or consolidated affiliated entities;
- Impose fines or other requirements on the Group's PRC subsidiaries or consolidated affiliated entities;
- Require the Group's PRC subsidiaries or consolidated affiliated entities to revise the relevant ownership structure or restructure operations; and/or;
- Restrict or prohibit the Group's use of the proceeds of the additional public offering to finance the Group's business and operations in China;
- Shut down the Group's servers or blocking the Group's online platform;
- Discontinue or place restrictions or onerous conditions on the Group's operations; and/or
- Require the Group to undergo a costly and disruptive restructuring.

The Group's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Group may not be able to consolidate the VIEs in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and its shareholders, and it may lose the ability to receive economic benefits from the VIEs. The Group currently does not believe that any penalties imposed or actions taken by the PRC government would result in the liquidation of the Company, WFOEs, or the VIEs.

The following table sets forth the assets, liabilities, results of operations and cash flows of the VIEs and their subsidiaries, which are included in the Group's consolidated financial statements after the elimination of intercompany balances and transactions:

	As of December 31,	
	2019	2020
	RMB	RMB
Assets:		
Cash and cash equivalents	2,766,981	1,501,733
Term deposits	24,000	135,000
Accounts receivable, net	267,277	9,888
Other receivables, net	81,525	68,742
Loan receivables, net	729,798	221,200
Amounts due from related parties	50,000	—
Prepaid expenses and other assets	1,085,197	740,959
Contracts assets, net	24,814	10,374
Long-term investments, net	293,441	491,510
Operating lease right-of-use assets, net	113,606	18,611
Property, equipment and software, net	95,783	51,701
Goodwill, net	72,224	72,304
Intangible assets, net	45,362	40,187
Deferred tax assets, net	503,078	—
Total assets	**6,153,086**	**3,362,209**
Liabilities:		
Deferred revenue	772,340	81,246
Payroll and welfare payable	35,958	29,152
Income taxes payable	303,684	224,533
Accrued expenses and other liabilities	1,056,128	238,170
Operating lease liabilities	119,005	19,100
Amounts due to related parties	29,902	24,146
Deferred tax liabilities	13,200	5,742
Total liabilities	**2,330,217**	**622,089**

	For the years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Net revenues	5,270,948	4,305,272	1,145,210
Net income (loss)	2,702,469	(1,551,509)	(1,479,883)

	For the years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Net cash provided by (used in) operating activities	2,906,094	(439,357)	(753,416)
Net cash used in investing activities	(803,155)	(1,315,875)	(511,832)
Net cash provided by (used in) financing activities	1,000	(5,188)	—

Under the VIE Arrangements, the Group has the power to direct activities of the VIEs and can have assets transferred out of the VIEs. Therefore, the Group considers that there is no asset in the VIEs that can be used only to settle obligations of the VIEs, except for assets that correspond to the amount of the registered capital and PRC statutory reserves, if any. As the VIEs are incorporated as limited liability companies under the Company Law of the PRC, creditors of the VIEs do not have recourse to the general credit of the Group for any of the liabilities of the VIEs.

Currently there is no contractual arrangement which requires the Group to provide additional financial support to the VIEs. However, as the Group conducts its businesses primarily based on the licenses held by the VIEs, the Group has provided and will continue to provide financial support to the VIEs.

Revenue-producing assets held by the VIEs include certain internet content provision ("ICP") licenses and other licenses, domain names and trademarks. The ICP licenses and other licenses are required under relevant PRC laws, rules and regulations for the operation of internet businesses in the PRC, and therefore are integral to the Group's operations. The ICP licenses require that core PRC trademark registrations and domain names are held by the VIEs that provide the relevant services.

The VIE contributed an aggregate of 94.86%, 97.30% and 91.18% of the consolidated net revenues for the year ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2019 and 2020, the VIE accounted for an aggregate of 69.29% and 62.42% respectively, of the consolidated total assets, and 91.29% and 53.48%, respectively, of the consolidated total liabilities. The assets that were not associated with the VIE primarily consist of cash and cash equivalents.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. Significant accounting estimates reflected in the Group's financial statements are estimates and judgments applied in revenue recognition, allowance for receivables, impairment loss of investments, share-based compensation and realization of deferred tax assets. Actual results may differ materially from these estimates.

Revenue recognition

The Group follows the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) and all subsequent ASUs that modified Topic 606 to account for its revenues.

The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Online Lending Information Intermediary Services revenue

Through its online platform, the Group provides intermediary services on the personal financing product, One Card, under which the holders of One Card can apply for loans on a revolving basis ("revolving loan products"). The Group also provides one-time loan facilitation services to meet various consumption needs ("non-revolving loan product"). For revolving loan products and non-revolving loan products, the Group's services provided consist of:

a) Matching marketplace investors to potential qualified borrowers and facilitating the execution of loan agreements between the parties (referred to as "loan facilitation service"); and

b) Providing repayment processing services for the marketplace investors and borrowers over the loan term, including repayment reminders and following up on late repayments (referred to as "post origination services").

The Group has determined that it is not the legal lender or borrower in the loan origination and repayment process, but acting as an intermediary to bring the lender and the borrower together. Therefore, the Group does not record the loans receivable or payable arising from the loans facilitated between the investors and borrowers on its platform.

The Group considers its customers to be both the investors and borrowers. The Group considers the loan facilitation service and post origination services as two separate services, which represent two separate performance obligations under Topic 606, as these two deliverables are distinct in that customers can benefit from each service on its own and the Group's promises to deliver the services are separately identifiable from each other in the contract.

The Group determines the total transaction price to be the service fees chargeable from the borrowers and investors. The transaction price is allocated to the loan facilitation services and post origination services using their relative standalone selling prices consistent with the guidance in Topic 606. The Group does not have observable standalone selling price information for the loan facilitation services or post origination services because it does not provide loan facilitation services or post origination services on a standalone basis. There is no direct observable standalone selling price for similar services in the market that is reasonably available to the Group. As a result, the Group uses an expected plus margin approach to estimate the standalone selling prices of loan facilitation services and post origination services as the basis of revenue allocation, which involves significant judgements. In estimating its standalone selling price for the loan facilitation services and post origination services, the Group considers the cost incurred to deliver such services, profit margin for similar arrangements, customer demand, effect of competitors on the Group's services, and other market factors.

For each type of service, the Group recognizes revenue when (or as) the entity satisfies the service/performance obligation by transferring a promised good or service (that is, an asset) to a customer. Revenues from loan facilitation are recognized at the time a loan is originated between the investor and the borrower and the principal loan balance is transferred to the borrower, at which time the loan facilitation service is considered completed. Revenues from post origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided ratably on a monthly basis. A majority of the service fee is charged to the borrowers, which is collected upfront upon at the loan inception or collected over the loan term. Investors pay service fees to the Group either at the beginning and at the end of the investment commitment period (in terms of automated investing tools) or over the terms of the loan (in terms of self-directing investing tools). In 2018, 2019 and 2020, service fees charged at the beginning or at the end of the investment commitment period or over the terms of the loans in the periods presented were calculated to be equal to an annualized interest rate ranging from 0.5% to 1.5% based on the investment amount and the investment term. Service fees charged to borrowers and investors, including the service fees charged to investors collected at the end of the investment commitment period or over the terms of the loans in the periods presented, were combined as contract price to be allocated to the two performance obligations relating to loan facilitation services and post-origination services, and recognized as revenue when the relevant services are delivered. Revenue recognized related to service fees not yet received from investors that will be collected at the end of the investment commitment period and over the commitment period are recorded as accounts receivable. All service fees are fixed and not refundable. Revenue recognized is recorded net of value added tax ("VAT"). Remaining performance obligations represent the amount of the transaction price for which service has not been performed under post-origination services.

In December 2020, the Group ceased publishing information relating to new offerings of investment opportunities in fixed income products for investors on its online lending information intermediary platform. Pursuant to certain collaboration arrangements entered into by the Group and a licensed asset management company, the rights of investors in existing loans underlying the fixed income products will be transferred to the asset management company. After such transfer, the outstanding balance of loans facilitated shall become nil, and the asset management company will provide existing investors with services in relation to the return of their remaining investment in loans.

Direct lending program revenue

Through its direct lending program, the Group provides traffic referral services to financial institution partners, allowing the financial institution partners to gain access to borrowers who passed the Group's risk assessment. The Group's services provided consist of:

a) Matching financial institution partners to potential qualified borrowers, and facilitating the execution of loan agreements between the parties (also referred to as "loan facilitation service"); and

b) Providing repayment processing services for the financial institution partners and borrowers over the loan term, including repayment reminders and loan collection (also referred to as "post origination services").

Consistent with the revenue recognition policy under the online lending information intermediary services model, the Group has determined that it is not the legal lender or borrower in the loan origination and repayment process, but acting as an intermediary to bring the lender and the borrower together. Therefore, the Group does not record the loans receivable or payable arising from the loans facilitated between the financial institution partners and borrowers. The Group considers its customers to be both the financial institution partners and borrowers.

The Group considers the loan facilitation service and post origination service as two separate performance obligations. The Group determines the total transaction price to be the service fees chargeable from the borrowers or the financial institution partners, which is the contracted price adjusted for variable consideration such as potential loan prepayment by the borrows that could reduce the total transaction price, which is estimated using the expected value approach based on historical data and current trends of prepayments of the borrowers. Then the transaction price is allocated to the loan facilitation services and post origination services using their relative standalone selling prices consistent with the guidance in Topic 606, similar to online lending information intermediary services revenue.

For each type of service, the Group recognizes revenue when (or as) the entity satisfies the service/performance obligation by transferring the promised service to customers. Revenues from loan facilitation services are recognized at the time a loan is originated between the financial institution partners and the borrowers and the principal loan balance is transferred to the borrowers, at which time the facilitation service is considered completed. Revenues from post origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided ratably on a monthly basis.

Since April 2019, the Group has stopped charging service fees directly to the borrowers under its direct lending program. Instead, the Group started to charge service fees either directly to the institutional funding partners, or indirectly through third-party guarantee companies who provide guarantee services, or the insurance company who provided credit insurance to the institutional funding partners on their loans to the borrowers. The Group concluded this change did not alter the substance of the services it provided to borrowers and financial institution partners under the direct lending program, and therefore would not impact how revenue was recognized. In 2019, under a cooperation agreement, as amended (the “Cooperation Agreement”), the Group predominantly partnered with PICC Property and Casualty Company Limited Guangdong Branch (“PICC”) who provided the credit insurance service to institutional funding partners on the loan origination, PICC collected all of the loan facilitation service fees and remitted the Group’s portion of the service fees to the Group. The Group recorded an account receivable for the service fees confirmed and to be remitted by PICC.

Other revenues

Other revenues mainly include product sales revenues from online sales of goods, penalty fee for late payment, and other service revenues.

The Group generates product sales revenues primarily through selling of merchandise via its online shopping platform, 9F One Mall (“online agent model”), and through selling of upscale products via third party platforms (“online direct sales model”). Under online agent model, customers can buy merchandise provided by third-party merchandise suppliers on our 9F One Mall. The Group does not control the merchandise, but rather is acting as an agent for the suppliers. Revenue is recognized for the net amount of consideration the Group is entitled to retain in exchange for the agent service. The Group commenced the operations of the online direct sales model in the first quarter of 2019 and terminated the operations of the online direct sales model in the third quarter of 2019. Under the online direct sales model, revenue is recognized on a gross basis as the Group controls the merchandise before it is transferred to the customers, which is indicated by (i) the Group is primarily responsible for fulfilling the promise to provide the specified upscale products to the customers; (ii) the Group bears inventory risk; and (iii) the Group has discretion in establishing price.

Other revenues also include revenue of services such as insurance agency, securities brokerage, customer referral and government subsidy income.

Cash incentives

To expand market presence, the Group voluntarily provides cash incentives in the form of cash coupons to new and existing investors during its marketing activities. These coupons are not related to prior transactions, and can only be utilized in conjunction with subsequent lending activities. The cash incentives provided are accounted as a reduction of the transaction price according to ASC 606-10-32-25. Cash incentives paid to existing investors, cash incentives paid to new investors, and cash incentives recognized as a reduction of revenue for year ended December 31, 2018 was RMB23.9 million, RMB1.2 million, and RMB25.8 million, respectively. Cash incentives paid to existing investors, cash incentives paid to new investors, and cash incentives recognized as a reduction of revenue for year ended December 31, 2019 was RMB59.6 million, RMB0.8 million, and RMB57.6 million, respectively. Cash incentives paid to existing investors, cash incentives paid to new investors, and cash incentives recognized as a reduction of revenue for year ended December 31, 2020 was RMB61.7 million, RMB2.7 million, and RMB8.9 million, respectively.

Value added taxes ("VAT")

The Group is subject to value added tax, or VAT, at a rate of 16% from May 1, 2018 to March 31, 2019 and 13% thereafter on sales of products, and at a rate of 6% on services rendered by the Group, less any deductible VAT the Group has already paid or borne, except for entities qualified as small-scale taxpayers at a VAT rate of 3% without any deduction. Since April 1, 2019, the Group has been subject to an additional 10% deductible VAT. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. VAT is reported as a deduction to revenue when incurred and amounted to RMB490,136, RMB611,786, and RMB136,501 for the years ended December 31, 2018, 2019 and 2020, respectively. The net VAT balance between input VAT and output VAT is recorded in the line item of accrued expenses and other liabilities on the face of balance sheet.

Disaggregation of revenues

The Group generates revenues primarily from loan facilitation and post-origination services provided to investors, borrowers and financial institution partners through its online lending information intermediary services and direct lending program. The Group also generates other revenues, such as penalty fees charged to borrowers for late payment, product sales revenues from online sales of goods, and other service revenues. The following table provides further disaggregation by types of revenues recognized in 2018, 2019 and 2020.

2018	Loan facilitation services RMB	Post origination services RMB	Other revenues RMB	Total RMB
Online lending platform revenue				
Online lending information intermediary services revenue				
Revolving loan products (One Card)	4,728,255	282,057	—	5,010,312
Non-revolving loan products	186,679	85,218	—	271,897
Direct lending program revenue	45,737	164	—	45,901
Other revenue	—	—	228,372	228,372
Total	**4,960,671**	**367,439**	**228,372**	**5,556,482**

2019	Loan facilitation services RMB	Post origination services RMB	Other revenues RMB	Total RMB
Online lending platform revenue				
Online lending information intermediary services revenue				
Revolving loan products (One Card)	1,698,133	269,718	—	1,967,851
Non-revolving loan products	104,611	30,226	—	134,837
Direct lending program revenue	1,675,153	304,788	—	1,979,941
Other revenue	—	—	342,334	342,334
Total	**3,477,897**	**604,732**	**342,334**	**4,424,963**

2020	Loan facilitation services RMB	Post origination services RMB	Other revenues RMB	Total RMB
Online lending platform revenue				
Online lending information intermediary services revenue				
Revolving loan products (One Card)	26,376	203,748	—	230,124
Non-revolving loan products	84,485	202,097	—	286,582
Direct lending program revenue	66,286	453,257	—	519,543
Other revenue	—	—	219,756	219,756
Total	**177,147**	**859,102**	**219,756**	**1,256,005**

The Group manages its business through a comprehensive offering of financial products tailored to the needs of the investors and borrowers. These financial products are categorized by the Group as loan products, wealth management products and others. The following table illustrates the disaggregation of revenues by product offering in 2018, 2019 and 2020:

	December 31, 2018	December 31, 2019	December 31, 2020
	RMB	RMB	RMB
Loan product revenue	4,930,515	3,590,693	847,576
Wealth management product revenue	471,060	573,355	188,673
Others	154,907	260,915	219,756
Total	**5,556,482**	**4,424,963**	**1,256,005**

Loan products-In 2018, 2019 and 2020, loan products represented product offerings tailored to the needs of the borrowers. Loan product revenues in the above table represented the portion of the service fees that were charged to borrowers through the Group's online lending information intermediary services, and charged from borrowers with whom the Group has stopped charging service fees since April 2019 or financial institution partners under direct lending program business.

Wealth Management products-In 2018, 2019 and 2020, wealth management products represented product offerings tailored to the needs of the individual investors, including fixed income products and other wealth management products such as insurance and stock investment brokerage services, and fund investment products services. Fixed income products were offered to individual investors who desired to invest in loans facilitated through the Group's online lending information intermediary services. Revenues from wealth management products in the above table were mainly derived from fixed income products and represented the portion of service fees that was charged to investors in the Group's online lending information intermediary services. Revenues recognized on other wealth management products were immaterial for the periods presented.

Deferred Revenue

Deferred revenue consists of post origination service fees received or receivable from borrowers, investors and financial institution partners for which services have not yet been provided. Deferred revenues is recognized ratably as revenue when the post-origination services are delivered during the loan period. The balance of deferred revenue decreased from RMB788,906 as of December 31, 2019 to RMB98,668 as of December 31, 2020 due to the cessation of cooperation with PICC and our new investment programs . Revenue recognized during the years ended December 31, 2019 and 2020 that was included in the deferred revenue balance at the beginning of the year was RMB290,674 and RMB555,646, respectively.

In December 2018, China National Internet Finance Rectification Office and the National Online Lending Rectification Office jointly issued the Guidance on the Classification and Disposal of Risks of Online Lending Information Intermediaries and Risk Prevention ("Circular 175"). Circular 175 tightens the regulation of the industry by requiring institutions other than normal intermediaries, including shell intermediaries with no substantive operations, small-scale intermediaries, intermediaries with high risks, and intermediaries that are unable to repay investors or otherwise unable to operate their businesses, to exit the online lending information intermediary industry.

In light of the tightening regulatory environment, the Group significantly decreased online lending information intermediary services during the year ended December 31, 2020. The Group launched re-designed investment programs by transferring their creditor's rights to a licensed asset management company named Ningxia Shunyi Asset Management Co. Ltd ("Ningxia Shunyi"). By opting for the Group's new investment programs, individual investors authorized our platform to transfer its creditor's rights to Ningxia Shunyi on their behalf at the individual investors' option.

On August 24,2020, the Group signed the asset management agreement and supplementary agreement with Ningxia Shunyi. According to the agreement, after the completion of the creditor's rights transfer, Ningxia Shunyi and other third party will provide services, including intermediary or management services.

Contract assets, net

Contract assets are attributable to loan products to borrowers under our online lending platform, the Group is entitled to payment of service fees when repayment of loans is received from the borrowers. Contract assets are recorded under these arrangements when the Group provides the loan facilitation and post origination services but before the payments are due.

Contract assets are stated at the historical carrying amount net of write-off and allowance for collectability in accordance with ASC Topic 310. The Group established an allowance for uncollectible contract assets based on estimates, historical experience and other factors surrounding the credit risk of specific customers similar to borrowers related to the financial institution partners. The Group evaluates and adjusts its allowance for uncollectible contract assets on a quarterly basis or more often as necessary. Uncollectible contract assets are written off when the consideration entitled by the Group is due and the Group has determined the balance will not be collected. The Group recognizes contract assets only to the extent that the Group believes it is probable that they will collect substantially all of the consideration to which it will be entitled in exchange for the services transferred to the customer.

The following table presents the contract assets from loan facilitation services and post origination services:

	December 31, 2019	December 31, 2020
	RMB	RMB
Contract assets from loan facilitation services and post origination services	27,079	25,123
Less: Allowance for loss for collectability	(2,255)	(14,749)
Total	24,824	10,374

The following table presents the movement of allowance for loss for contract assets for the years ended December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	RMB	RMB
Balance at beginning of the year	329	2,255
Provision for doubtful contract assets	14,811	18,605
Write-offs	(12,885)	(6,111)
Balance at end of the year	2,255	14,749

Practical Expedients and Exemptions

The Group generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Quality assurance fund liability

In order to provide assurance for investors, the Group established an investors' protection plan.

From December 2013 to December 2016, the Group provided an investor protection service which is accounted for as guarantee.

Starting from August 25, 2016, the Group cooperated with third party guarantee and insurance companies, who provided investor protection services to replace the former quality assurance fund model, and the Group no longer has any legal obligation to make compensation payments to investors on defaulted loans, and therefore no longer records a quality assurance fund liability in accordance with ASC 405-20, Extinguishments of liabilities.

In August 2016, the Group cooperated with Guangdong Nanfeng Guarantee Ltd. ("Nanfeng Guarantee") and Taiping General Insurance Co., Ltd, ("China Taiping") to launch an investors' protection plan to replace the former quality assurance fund model. As part of the agreement with Nanfeng Guarantee and China Taiping, the Group transferred its legal responsibility to guarantee the existing loans (i.e., existing and future defaults) to Nanfeng Guarantee and China Taiping. The Group agreed to pay the balance of the quality assurance fund as of August 25, 2016 of RMB287 million from its own special account to a depository account set up by Nanfeng Guarantee and supervised by China Taiping. For all new loans facilitated, the borrowers paid the quality assurance fund to Nanfeng Guarantee to manage as part of the guarantee fund reserve going forward. A separate insurance policy was entered into by each borrower and the insurance company (i.e., China Taiping), where the insurance company charged an insurance premium to the borrower to cover additional default risks. Nanfeng Guarantee used the quality assurance fund in the depository account to compensate the defaulted loans. China Taiping will not cover the repayment until the balance of the depository account at the depository bank becomes insufficient. As a result, the Group no longer has a legal obligation to make compensation payments to investors for defaults (both incurred and future) related to its existing loan portfolio as well as loans originated subsequent to August 25, 2016.

In September 2017, the Group launched an enhanced investors' protection plan with China Taiping and Nanfeng Guarantee. For loans with terms of 12 months or less, the borrower signed a "Loan Performance Guarantee Insurance Policy" with China Taiping and paid an insurance premium to China Taiping. In the event that default of the insured loan happens, China Taiping will repay the outstanding principal and the interest to the investors. For loans over 12 months, and for loans with terms of 12 months or less but not covered by China Taiping's insurance protection, the borrower signed a "Confirmation to Participation in Guarantee Plan" and Nanfeng Guarantee provided the guarantee service. The borrowers pay the guarantee fee to Nanfeng Guarantee, which will be deposited in the guarantee fund depository account set up by Nanfeng Guarantee. The Group and Nanfeng Guarantee will determine the guarantee fund rate charged to borrowers based on the credit characteristics of the borrower as well as the underlying loan characteristics. If default of any loan protected by Nanfeng Guarantee happens, Nanfeng Guarantee will withdraw the funds from the guarantee fund reserve account to repay the investor within the fund's balance as the upper limit.

In January 2018, the Group announced new updates to the arrangements regarding loans with terms of more than 12 months. The borrower signs a guarantee contract with Guangdong Success Finance Guarantee Company Limited ("Guangdong Success"). According to the contract, when the borrower defaults and, if the balance of the guarantee fund reserve account is insufficient to cover the unpaid amounts, Guangdong Success will make additional repayment with an upper limit of a cap of five times the guarantee fee paid by the borrower. For loans with the terms of 12 months or less, the borrower pays the insurance premium and signs a "Loan Performance Guarantee Insurance Policy" with either China Taiping or PICC with whom the Group began to collaborate in March 2018. The loans under China Taiping's insurance protection obligation were all due by August 15, 2019; however, China Taiping's insurance protection obligation has not been completely fulfilled as of the date of this annual report due to the ongoing insurance claim and settlement process. PICC has provided insurance protection to all the new loans with terms of no more than 12 months that have been originated since May 2018 and covered by the insurance protection plan. Since November 2019, new loans with terms of no more than 12 months are no longer covered by PICC's investors protection plan. However, as of the date of this annual report, PICC's insurance protection obligation will continue for loans originated before November 2019 that were subject to PICC's insurance protection plan. Furthermore, Guangdong Success no longer provides guarantee protection on new loans facilitated after February 2020; however, Guangdong Success' obligation with respect to loans facilitated before February 2020 has not been completely fulfilled as of the date of this annual report.

Since February 2020, the Group began to collaborate with Zhongtian Caizhi Financing Guarantee Co., Ltd. ("Zhongtian Guarantee"), an independent third party. For all the new loans originated since February 2020, borrowers are required to make contributions to the depository account set up by Zhongtian Guarantee. If a loan is past due for a certain period, Zhongtian Guarantee will use the cash available in the depository account to repay the investors up to the total amount of principal and the accrued interests.

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1—inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2—inputs are based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based valuation techniques that include option pricing models, discounted cash flow models, and similar techniques.

The carrying amounts of the Group's financial instruments approximate their fair values because of their short-term nature. The Group's financial instruments include cash, accounts receivable, notes receivable, amount due from related parties, amount due to related parties, deferred revenues, and accrued expenses and other liabilities.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand, demand deposits and highly liquid investments placed with banks or other financial institutions, which have original maturities less than three months. The Group considers all highly liquid investments with stated maturity dates of three months or less from the date of purchase to be cash equivalents.

Restricted cash

A subsidiary of the Group receives funds from investors for the purpose of buying or selling securities on behalf of its customers. The funds are deposited in a bank account restricted only for the use of purchasing securities on behalf of the investors and the use of the funds within this account are monitored by the bank. Such bank balance represents an asset of the Group for the amounts due to customers for the segregated bank balance held and payable to customers on demand. A corresponding payable to customers is recorded upon receipt of the cash from the customer. As of December 31, 2019 and 2020, the Group had restricted bank deposits of RMB125,437 and RMB390,702, respectively.

Term deposits

Term deposits consist of deposits placed with financial institutions with an original maturity of greater than three months and less than one year. As of December 31, 2019 and 2020, the Group had term deposits of RMB24,000 and RMB133,761, respectively.

Loan receivables

Loan receivables are measured at amortized cost with interest accrued based on the contract rate. The Group evaluates the credit risk associated with the loans, and estimates the cash flow expected to be collected over the lives of loans on an individual basis based on the Group's past experiences, the borrowers' financial position, their financial performance and their ability to continue to generate sufficient cash flows. A valuation allowance will be established for the loans unable to collect. Provision for uncollectable loans was recorded in the amount of RMB649,771 and RMB315,205 for the year ended December 31, 2019 and 2020, respectively, based on the results of the assessment.

Allowance for doubtful accounts

Accounts receivable, other receivables and loan receivables are stated at the historical carrying amount net of write-offs and allowance for doubtful accounts. The Group continuously monitors collections from its borrowers and maintains an allowance for doubtful accounts based on various factors, including aging, historical collection data, specific collection issues that have been identified, borrower concentration, general economic conditions and other factors surrounding the credit risk of specific borrowers. Uncollectible receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Group has determined it is probable that the balance will not be collected. The movement of the allowance for doubtful accounts is as follows:

	Accounts receivable	Other receivables	Loans receivable	Total
	RMB	RMB	RMB	RMB
Balance at December 31, 2017	29,611	5,010	—	34,621
Reversal	(2,966)	—	—	(2,966)
Write-off	(25,592)	—	—	(25,592)
Balance at December 31, 2018	1,053	5,010	—	6,063
Provision for doubtful accounts(i)	1,447,582	36,803	649,771	2,134,156
Reversal	—	(329)	—	(329)
Write-off	(15,186)	(4,711)	(34,179)	(54,076)
Balance at December 31, 2019	1,433,449	36,773	615,592	2,085,814
Adoption of new accounting standard (ii)	—	3,117	8,420	11,537
Provision for doubtful accounts	13,545	—	315,205	328,750
Write-off	—	(22,494)	(609,853)	(609,853)
Balance at December 31, 2020	1,446,994	17,396	329,364	1,793,754

(i) In 2019, the provision for doubtful accounts mainly related to accounts receivable with PICC, who was responsible for the collection of the Group's service fees under the Group's direct lending program. In November 2019, PICC no longer made payments for the outstanding receivables and the Group has performed an analysis on the collectability of the receivables and recognized a full provision for the outstanding account balance in the amount RMB 1,432,312. The Group has commenced legal proceedings for the collection of this outstanding amount due from PICC. See Note 21 for disclosure related to the status of the legal proceeding commenced against PICC in May 2021.

Refer to Note 4 Loan Receivables for further information on allowance for loan receivables.

(ii) Due to the adoption of ASU 2016-13, the Group recognized a total of RMB11,537 pre-tax increase to the allowance for doubtful accounts on accounts receivable, other receivables and loans receivable. The Group determined that all of the receivables share similar risk characteristics. The Group monitors the credit exposure on an ongoing basis and assess whether assets in the pool continue to display similar risk characteristics.

Business Combinations

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC topic 805 (“ASC 805”), *Business Combinations*. The acquisition method of accounting requires that the consideration transferred to be allocated to the assets, including separately identifiable assets and liabilities the Group acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. The Group also evaluates all contingent consideration arrangements to determine if the arrangements are compensatory in nature. If the Group determines that a contingent consideration arrangement is compensatory, the arrangement would be accounted for outside of the business combination and recorded as compensation expense in the post-acquisition financial statements of the combined entity. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

The determination and allocation of fair values to the identifiable assets acquired, liabilities assumed and non-controlling interests is based on various assumptions and valuation methodologies requiring considerable judgment from management. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The Group determines discount rates to be used based on the risk inherent in the related activity’s current business model and industry comparisons. Terminal values are based on the expected life of assets, forecasted life cycle and forecasted cash flows over that period.

Long-term investments

The Group’s long-term investments consist of equity securities without readily determinable fair value, equity method investments, held-to-maturity and available-for-sale investment.

a. Equity securities without readily determinable fair value

Historically, for investee companies over which the Group did not have significant influence and a controlling financial interest, the Group accounted for these as cost method investments under ASC 325-20. In January, 2018, the Group adopted Accounting Standards Update (‘‘ASU’’) 2016-01, *Financial Instruments—Recognition and Measurement of Financial Assets and Financial Liabilities*, and elected to account for equity investments that do not have a readily determinable fair value under the measurement alternative prescribed within ASU 2016-01, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment. The impairment losses on the equity securities without readily determinable fair value during the years ended December 31, 2018, 2019 and 2020 were RMB23,140, RMB154,898, and RMB282,076, respectively.

b. Equity method investments

Investee companies over which the Group has the ability to exercise significant influence, but does not have a controlling interest, are accounted for using the equity method. Significant influence is generally considered to exist when the Group has an ownership interest in the voting stock of the investee between 20% and 50%. Other factors, such as representation on the investee's board of directors, voting rights and the impact of commercial arrangements, are also considered in determining whether the equity method of accounting is appropriate. The Group also uses the equity method of accounting for its investments in variable interest entity where the Group is not considered the primary beneficiary but holds significant influences. Under the equity method of accounting, the Group's share of the earnings or losses of the investee company, impairments, and other adjustments required by the equity method are reflected in "Earnings (loss) in equity method investments, net" in the consolidated statements of operations.

An impairment charge is recorded if the carrying amount of the investment exceeds its fair value and this condition is determined to be other-than temporary. The Group estimates the fair value of the investee company based on comparable quoted price for similar investment in active market, if applicable, or discounted cash flow approach which requires significant judgments, including the estimate of future cash flows, which is dependent on internal forecasts, the estimate of long term growth rate of a company's business, the estimate of the useful life over which cash flows will occur, and the determination of the weighted average cost of capital. The impairment losses on its equity method investment are nil, RMB22,830 and RMB179,193 during the years ended December 31, 2018, 2019 and 2020, respectively.

c. Held-to-maturity and available-for-sale investments

Investments are classified as held-to-maturity when the Group has the positive intent and ability to hold the debt security to maturity, and are recorded at amortized cost. As of December 31, 2019 and 2020, the balances of held-to-maturity securities were RMB15,200 and RMB33,079, respectively.

For investments in investees' stocks which are determined to be debt securities, the Group accounts for it as long-term available-for-sale investments when they are not classified as either trading or held-to-maturity investments. The available-for-sale investments are carried at its fair values and the unrealized gains or losses from the changes in fair values are included in accumulated other comprehensive income.

The Group reviews its investment for other-than-temporary impairment ("OTTI") based on the specific identification method. The Group considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds the investment's fair value, the Group considers, among other factors, general market conditions, government economic plans, the duration and the extent to which the fair value of the investment is less than the cost, the Group's intent and ability to hold the investment, and the financial condition and near-term prospects of the issuers.

If there is OTTI on debt securities, the Group separates the amount of the OTTI into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings, which represents the difference between a security's amortized cost basis and the discounted present value of expected future cash flows. The amount due to other factors is recognized in other comprehensive income if the entity neither intends to sell and will not more likely than not be required to sell the security before recovery. The difference between the amortized cost basis and the cash flows expected to be collected is accreted as interest income. The Group recorded impairment losses on its held-to-maturity and available-for-sale investments during the years ended December 31, 2018, 2019 and 2020 of nil, nil, RMB1,221, respectively.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value assigned to the individual assets acquired and liabilities assumed. Goodwill is not depreciated or amortized but is tested for impairment on an annual basis as of December 31, and in between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired.

Application of goodwill impairment test requires management judgement, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value to each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

Prior to January 1, 2019, the Group performed a two-step test to determine the amount, if any, of goodwill impairment. In Step 1, the Group compared the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeded its fair value, the Group performed Step 2 and compared the implied fair value of goodwill with the carrying amount of that goodwill for that reporting unit. An impairment charge equal to the amount by which the carrying amount of goodwill for the reporting unit exceeded the implied fair value of that goodwill was recorded, limited to the amount of goodwill allocated to that reporting unit. Starting from January 1, 2019, the Group early adopted ASU 2017-04. A reporting unit is identified as a component for which discrete financial information is available and is regularly reviewed by management. The impairment test is performed as of year-end or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount by comparing the fair value of a reporting unit with its carrying value. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

Based on the Group's impairment assessment, the Group recorded goodwill impairment of nil, RMB6,191 and RMB50,291 for the years ended December 31, 2018, 2019 and 2020, respectively.

Property, equipment and software, net

Property, equipment and software consists of computer and transmission equipment, furniture and office equipment, office buildings, software, and leasehold improvements, which are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

Computer and electronic equipment	3 years
Furniture and office equipment	5 years
Office Building	20 years
License	20 years
Software	5 years
Leasehold improvements	Over the shorter of the remaining lease term or estimated useful lives

Origination and servicing expense

Origination and servicing expense consists primarily of variable expenses and vendor costs, including costs related to credit assessment, customer and system support, payment processing services and collection associated with facilitating and servicing loan.

Government subsidy income

The Group receives government grants and subsidies in the PRC from various levels of local governments from time to time which are granted for general corporate purposes and to support its ongoing operations in the region. The grants are determined at the discretion of the relevant government authority and there are no restrictions on their use. The government subsidies are recorded as non-operating income in the consolidated statement of operations and comprehensive income (loss) in the period the cash is received. The government grants received by the Group were RMB23,364, RMB33,665 and RMB27,440 for the years ended December 31, 2018, 2019 and 2020, respectively.

Leases

Before January 1, 2019, the Group applied ASC Topic 840 ("ASC 840"), *Leases*, and each lease is classified at the inception date as either a capital lease or an operating lease. From January 1, 2019, the Group adopted the new lease accounting standard, ASC Topic 842, *Leases* ("ASC 842"). The Group has no finance leases for any of the periods presented.

The Group leases certain office premises in different cities in the PRC and overseas under operating leases. The Group determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets on its consolidated balance sheets at the lease commencement. The Group measures its lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or its incremental borrowing rate, which is the estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. The Group estimates its incremental borrowing rate based on an analysis of corporate debt of companies with credit and financial profiles similar to its own. The Group measures right-of-use assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Group begins recognizing rent expense when the lessor makes the underlying asset available for use by the Group. The Group's leases have remaining lease terms of up to four years, some of which include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Group did not include renewal option periods in the lease term for which it is not reasonably certain to exercise.

For short-term leases of 12 months or less, the Group records rent expense in its consolidated statements of operations on a straight-line basis over the lease term.

Income taxes

Current income taxes are provided on the basis of net profit (loss) for financial reporting purposes, adjusted for income and expenses which are not assessable or deductible for income tax purposes, in accordance with the laws of the relevant tax jurisdictions.

Deferred income taxes are provided using asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operations. Net deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that a portion of or all of the net deferred tax asset will not be realized.

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheet and under other expenses in its consolidated statements of operation and comprehensive income (loss). The Group did not have any significant unrecognized uncertain tax positions as of and for the years ended December 31, 2018, 2019 and 2020.

Share-based compensation

Share-based payment transactions with employees and managements, such as share options, are measured based on the grant date fair value of the equity instrument. The Group has elected to recognize compensation expenses using the straight-line method for all employee equity awards granted with graded vesting provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the options that are vested at that date, over the requisite service period of the award, which is generally the vesting period of the award. Compensation expenses for awards with performance conditions is recognized when it is probable that the performance condition will be achieved. The Group elects to recognize forfeitures when they occur.

Net income (loss) per ordinary share

Basic net income (loss) per ordinary share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The Group's convertible redeemable preferred shares are participating securities as they participate in undistributed earnings on an as-if converted basis. Accordingly, the Group uses the two-class method, whereby undistributed net income is allocated on a pro rata basis to the ordinary shares and preferred shares to the extent that each class may share income in the year; whereas the undistributed net loss for the year is allocated to ordinary shares only because the convertible redeemable participating preferred shares are not contractually obligated to share the loss.

Diluted net income per ordinary share reflects the potential dilution that would occur if securities were exercised or converted into ordinary shares. The Group had participating convertible redeemable preferred shares and share options which could potentially dilute basic net income per ordinary share in the future. Diluted net income per ordinary share is computed using the two-class method or the as-if-converted method, whichever is more dilutive. When the Group has a loss, the dilutive effect of these securities is not included as they would be anti-dilutive.

Foreign currency translation

The Group's reporting currency is RMB. The functional currency of the Company is the United States dollar ("US$"). The functional currency of the Group's entities in Hong Kong is Hong Kong dollars. The functional currency of the Group's subsidiaries and VIEs in the PRC is Renminbi ("RMB").

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of operations.

Assets and liabilities are translated from each entity's functional currency to the reporting currency using the exchange rates in effect on the balance sheet date. Equity amounts are translated at historical exchange rates. Revenues, expenses, gains and losses are translated using the average rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component in the consolidated statements of comprehensive income (loss).

Convenience translation

Translations of amounts from RMB into US$ are presented solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB6.52500 on December 31, 2020, the last business day for the year ended December 31, 2020, representing the exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US$ at such rate, or at any other rate.

Significant risks and uncertainties

i) Foreign currency risk

RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Group included aggregate amounts of RMB3,251,899 and RMB 1,531,340 which were denominated in RMB at December 31, 2019 and 2020, respectively, representing 69.43% and 56.16% of the cash and cash equivalents at December 31, 2019 and 2020, respectively.

ii) Concentration of credit risk

Financial instrument that potentially expose the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, accounts receivable, loans receivable, prepaid expenses and other assets. As of December 31, 2019 and 2020, the majority of the Group's cash and cash equivalents were deposited in financial institutions located in the PRC. Accounts receivable are typically unsecured and are derived from revenue earned from customers in the PRC. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances. The Group made loans to third-party companies under loan agreements and is exposed to credit risk in case of defaults by the debtors. The maximum amount of loss due to credit risk is limited to the total outstanding principal plus accrued interest on the balance sheets dates. As of December 31, 2019, and 2020, there was RMB778,480 and RMB 267,383 of loans receivable outstanding, respectively. The Group evaluates and monitors the credit worthiness of the debtors and records an allowance for uncollectible accounts based on an assessment of the payment history, the existence of collateral, current information and events, and the facts and circumstances around the credit risk of the debtor.

There are no revenues from customers which individually represented greater than 10% of the total net revenues for the year ended December 31, 2018, 2019 and 2020.

As of December 31, 2019, receivables due from PICC for service fees under the direct lending program accounted for approximately 83.54% of the Group's accounts receivable balance. There are no customers of the Group that accounted for greater than 10% of the Group's carrying amount of accounts receivable as of December 31, 2020.

Recent accounting pronouncements adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Group has elected not to record on the balance sheet leases with an initial term of twelve months or less. For public companies, the guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the guidance is permitted. In July 2018, ASU 2016-02 was updated with ASU No. 2018-11, Targeted Improvements to ASC 842, which provides entities with relief from the costs of implementing certain aspects of the new leasing standard. Specifically, under the amendments in ASU 2018-11, (1) entities may elect not to recast the comparative periods presented when transitioning to ASC 842 (the "optional transition method") and (2) lessors may elect not to separate lease and non-lease components when certain conditions are met. Before ASU 2018-11 was issued, transition to the new lease standard required application of the new guidance at the beginning of the earliest comparative period presented in the financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments-Credit Losses (Topic 326)*", which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost.

The new guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized cost. The new guidance also applies to debt securities and other financial assets measured at fair value through other comprehensive income. The new guidance was effective January 1, 2020. The Group applied the new guidance using a modified retrospective approach through a cumulative effect adjustment to retained earnings as of January 1, 2020 of RMB44,767. We have not recast prior period comparative information, which we continue to report under the accounting guidance in effect for those periods. Our adoption of the new guidance did not have a material impact on our consolidated financial statements.

Allowance for credit losses

Effective January 1, 2020, the Group implemented the new credit loss guidance using a modified retrospective approach. Prior period comparative information has not been recast and continues to be reported under accounting guidance in effect for those periods.

The allowance for credit losses is a valuation account that is deducted from the accounts receivable, loans receivable (at amortized cost basis) and other receivables to present the amount expected to be collected on these instruments. Accounts receivable, loans receivable and other receivables are charged off against the respective allowance when management believes the uncollectibility of the instrument is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off.

Management estimates each allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current instrument specific risk characteristics such as differences underwriting standards, portfolio mix, delinquency level or term as well as changes in environmental conditions, such as changes in unemployment rates, property values and the relevant factors.

The Group measures the allowance for credit losses on a collective pool basis when similar risk characteristics exist. Instruments that do not share similar risk characteristics are evaluated on an individual basis when applicable.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820)*: Disclosure Framework — Changes to the Disclosure Requirements for Fair Value". ASU 2018-13 removes and modifies existing disclosure requirements on fair value measurement, namely regarding transfers between levels of the fair value hierarchy and the valuation processes for Level 3 fair value measurements. Additionally, ASU 2018-13 adds further disclosure requirements for Level 3 fair value measurements, specifically changes in unrealized gains and losses and other quantitative information. ASU 2018-13 is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Group had adopted ASU No. 2018-13 in the year 2020.

Recent accounting pronouncements not yet adopted

In January 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-01, *Investments—Equity Securities* (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) (ASU 2020-01), which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. The Group does not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

The Group does not believe that other recently issued accounting standards, if currently adopted, will have a material effect on the Group's consolidated financial statements.

3. BUSINESS ACQUISITIONS

In 2019, the Group completed several business combinations to complement its existing businesses. Total cash consideration transferred (net of cash acquired) for these acquisitions amounted to RMB49,411, which was net of cash acquired of RMB12,577. For business acquisition where the Group held investments accounted for under the equity method, the Group's existing equity interest in the entities were remeasured to a fair value of RMB35,040 with the excess over the carrying value recorded as gain recognized on remeasurement of previously held equity interest in acquiree of RMB16,272 on the consolidated statements of operations. Based on a valuation performed by the Group with the assistance of a third party valuation expert, the purchase price allocated to the fair value of assets acquired, liabilities assumed and non-controlling interest were RMB111,025, RMB10,712 and RMB15,862, respectively. The assets acquired from the acquisitions mainly include trade name of RMB6,400 and technology of RMB27,600 to be amortized over 10 years and 5 years, respectively. Goodwill recognized in these acquisitions was RMB64,954, which was primarily attributable to the synergies expected to be achieved from these acquisitions.

Neither the results of operations since the acquisition dates nor the pro forma results of operations of the acquirees were presented because the effects of these business combinations, individually and in the aggregate, were not significant to the Group's consolidated results of operations.

4. LOAN RECEIVABLES, NET

	December 31, 2019	December 31, 2020
Loan receivables	1,394,072	596,747
Less: Allowance for doubtful accounts	(615,592)	(320,364)
Less: Adoption of new accounting standard	—	(8,420)
Total	**778,480**	**267,383**

In April 2018, the Group entered into several loan agreements with Zhongguo Factoring (Shenzhen) Co., Ltd. ("Zhongguo Factoring"), a third-party borrower, with total loans amounting to RMB1,431.8 million. The balance of the loans to Zhongguo Factoring amounted to RMB541.8 million and nil as of December 31, 2019 and 2020, respectively. The loans bear interest rates ranging from 4.35% to 9% per annum. The terms ranged from 1 year to 2.5 years. On November 6, 2019, upon maturity of a loan of RMB427.5 million, the Group negotiated with Zhongguo Factoring and extended the maturity date of this loan to November 5, 2020. The Group determined that Zhongguo Factoring had encountered going concern issues due to their working capital deficiencies and poor operating results. As a result, the Group fully impaired the loan receivable due from Zhongguo Factoring during the year ended December 31, 2019. Allowance for loan losses recorded for these loan receivables is RMB541.8 million as of December 31, 2019. RMB7.4 million was repaid to the Group during the year ended December 31,2020, The Group reversed the allowance accordingly.The Group write off the left allowance during the year ended December 31,2020. Allowance for loan losses recorded for these loan receivables is nil as of December 31, 2020.

The Group entered into several loan agreements with certain third-party post loan service companies. As of December 31, 2020, the Group had RMB596.7 million loan receivable outstanding, of which, RMB170 million of loans were guaranteed by Zhongji Wealth Guarantee Co., Ltd., a third-party guarantor, with terms ranged from 11 months to 12 months and an interest rate of 6% per annum, RMB66.2 million of loans are unsecured and interest rate of 4% or 10%,with terms of 12 months. The remaining RMB360.54 million of loans are unsecured and interest free with a term of 21 months. As of May 13, 2021, RMB10.8 million was repaid to the Group.

As of December 31, 2019 and 2020, the Group recorded RMB73.8 million and RMB320.9 allowance for uncollectable for other loan receivables, respectively.

Interest-earning loan receivables are on non-accrual status if loans are past due for more than 90 days. As of December 31, 2019 and 2020, RMB21,338 and RMB29,500 loan receivables were on non-accrual status.

The following table sets forth the aging of loans as of December 31, 2019 and 2020, respectively:

	1 - 89 days past due	90 days or more past due	Total past due	Current	Total loans
December 31, 2019	52,339	21,338	73,677	1,320,395	1,394,072
December 31, 2020	—	29,500	29,500	596,747	596,747

5. PREPAID EXPENSE AND OTHER ASSETS

	December 31, 2019	December 31, 2020
Deposits(i)	100,278	91,258
Advances to suppliers	37,118	10,607
Prepaid taxes	294,487	338,450
Prepaid service fee	17,268	45,201
Prepaid investment (ii)	632,096	270,996
Others	56,540	37,046
Less: Adoption of new accounting standard	—	(466)
Total	**1,137,787**	**793,092**

(i) Deposits mainly include rent deposits and deposits to third-party vendors.

(ii) Prepaid investment mainly composed of the prepayment to acquire equity interests in Hubei Consumer Finance Company, Shanghai Xinzhen Financial Information Consulting Co., Ltd and Jiangxi Financial Development Group Co. Ltd as of December 31, 2019. The Group obtained the approval of changes of control from Hubei Consumer Finance Company and local regulatory authorities during the year ended December 31,2020. As of December 31, 2020,the prepaid investment to Shanghai Xinzhen Financial Information Consulting Co., Ltd and Jiangxi Financial Development Group Co. Ltd are still subject to the approval of changes of control from the investees or local regulatory authorities.

6. FAIR VALUE OF ASSETS AND LIABILITIES

For a description of the fair value hierarchy and the Group's fair value methodologies, see "Note 2—Summary of Significant Accounting Policies."

Financial instruments recorded at fair value

Assets and Liabilities Recorded at Fair Value

The Group does not have assets or liabilities measured at fair value on a non-recurring basis.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis subsequent to initial recognition:

December 31, 2019	Level 1 RMB	Level 2 RMB	Level 3 RMB	Balance at Fair Value RMB
Assets				
Available-for-sale investment	—	—	10,443	10,443
Total Assets	**—**	**—**	**10,443**	**10,443**

The Group did not transfer any assets or liabilities in or out of level 3 during the years ended December 31, 2019 and 2020.

The Group purchased a convertible note receivable from a third-party private company amounting to RMB10.4 million which is classified as available for sale investment in the fourth quarter of 2019, of which the fair value approximates its purchase price. During the year ended December 31, 2020, the amount was repaid in full.

There were no additional investments classified as available-for-for sale during the year ended December 31, 2020.

Financial Instruments Not Recorded at Fair Value

Financial instruments, including cash and cash equivalents, restricted cash, term deposits, accounts receivable, other receivables, loan receivables, prepaid expenses and other assets, accrued expenses and other liabilities and amounts due from/to related parties are not recorded at fair value. The fair values of these financial instruments, other than loan receivables, are approximate their carrying value reported in the consolidated balance sheets due to the short term nature of these assets and liabilities. The fair value of loan receivables is disclosed in Note 4.

7. LONG-TERM INVESTMENTS

	Equity securities without readily determinable fair value	Equity method investments	Available for sales investment	Held-to-maturity investment	Total
	RMB	RMB	RMB	RMB	RMB
Balance at December 31, 2018	**699,747**	**219,935**	**34,476**	—	**954,158**
Additions	5,000	161,951	10,533	15,200	192,684
Disposal	(8,750)	(104,149)	(35,739)	—	(148,638)
Share of (loss) in equity method investments	—	(29,455)	—	—	(29,455)
Impairment charges	(154,898)	(22,830)	—	—	(177,728)
Unrealized losses recorded in accumulated other comprehensive loss	—	—	(99)	—	(99)
Impact of exchange rate	2,079	139	1,272	—	3,490
Gain recognized on remeasurement of previously held equity interest in acquire (Note 3)	—	16,272	—	—	16,272
Business combinations achieved in stages (Note 3)	—	(35,040)	—	—	(35,040)
Balance at December 31, 2019	**543,178**	**206,823**	**10,443**	**15,200**	**775,644**
Additions	396,549	53,929		19,100	469,578
Disposal	(5,000)	—	(10,443)	—	(15,443)
Share of (loss) in equity method investments	—	(21,317)	—	—	(21,317)
Impairment charges	(282,076)	(179,193)	—	(1,221)	(462,490)
Impact of exchange rate	(4,949)	(2,751)	—	—	(7,700)
Balance at December 31, 2020	**647,702**	**57,491**	**—**	**33,079**	**738,272**

Equity securities without readily determinable fair value

The following table sets forth the Group's equity securities without readily determinable fair value:

	December 31, 2019 RMB	December 31, 2020 RMB
Nanjing Lefang Intelligent Life Technology Development Co., Ltd ("Nanjing Lefang") (i)	181,368	—
Shanghai Xinzheng financial information consulting Co., Ltd.(ii)	129,786	129,786
Abakus Ltd. (Cayman) ("Abskus") (iii)	98,709	—
EZhou Rural Commercial Bank	40,000	40,000
BitPay, Inc. (Delaware)(iv)	27,847	26,100
GoopalGroup (v)	18,936	17,748
Hubei Consumption Financial Company ("Hubei Consumption") (vi)	—	361,100
Zhuhai Yuanxin investment partnership (limited partnership("ZhuhaiYuanxin")(vii)	—	15,000
Ningbo Weilie investment management partnership (limited partnership) ("NingboWeilie")(viii)	—	20,000
Others(ix)	46,532	37,968
Total	**543,178**	**647,702**

(i) In March 2018, the Group purchase an additional 21.28% equity interest of Nanjing Lefang, formerly known as Nanjing Banghang Information Consulting Limited, for a cash consideration of RMB250,000. The Group held a 30.53% equity interest as of December 31, 2019 and 2020. The investments contain various right, protection, and a liquidation preference. The investment is accounted for under the equity securities without readily determinable fair value of accounting as it is not considered to be in-substance common stock. There were no observable price changes for the years ended December 31, 2018, 2019, and 2020. Due to continued decrease of operating result of Nanjing Lefang, the Group conducted an impairment assessment and recorded an impairment loss of RMB99,868 and RMB181,368 for the years ended December 31, 2019 and 2020, respectively. In determining the fair value of the investment in Nanjing Lefang, the Group applied the market approach using unobservable inputs, such as a lack of marketability discount and probability weighting for each scenario including liquidation and an initial public offering.

(ii) In September 2018, the Group purchased a 15% equity interest of Shanghai Xinzheng Financial Information Consulting Co., Ltd. for a total consideration of RMB129,786. The Group held a 15% equity interest as of December 31, 2019 and 2020. No impairment existed at December 31, 2019 and 2020 and there were no observable price changes for the years ended December 31, 2018, 2019 and 2020.

(iii) In December 2014, the Group subscribed to 3,579,000 ordinary shares of Abakus (formerly known as Wecash Holdings Ltd.) for a cash consideration of RMB6,500. The Group held 19.30%, 18.97%, and 18.97% equity interest as of December 31, 2018, 2019 and 2020, respectively. The Group recognized its share of profit in Abakus of RMB2,261 for the year ended December 31, 2018. In February 2018, due to issuance of equity interests to new shareholders, the Group's equity interest in Abakus was diluted from 22.17% to 19.86% and lost its ability to exercise significance influence. The investment in Abakus was accounted for under equity method prior to the dilution in the Group's equity interest. The investment is accounted for under the equity securities without readily determinable fair value of accounting upon the cessation of the Group's significant influence in February 2018. In July 2019, Abakus agrees to repurchase 75,796 ordinary shares held by the Group for a cash consideration of RMB14,807. A disposal gain of RMB6,057 was recognized, which is the difference between the consideration of RMB14,807 and the carrying value in Abakus, amounted to RMB8,750. Due to shut down of Abskus, the Group fully imaparied the investment for the years ended December 31 2020.

(iv) In March 2018, the Group acquired a 1.11% of equity interest in BitPay, Inc. (Delaware) for a cash consideration of US$4,000. The Group held 1.11% equity interest as of December 31, 2019, and 2020. No impairment existed at December 31, 2018, 2019, and 2020, and there were no observable price changes for the years ended December 31, 2018, 2019, and 2020.

(v) In January 2018, the Group purchased a 1.94% equity interest in Goopal Group for a cash consideration of US$2,720. The Group held 1.94% equity interest as of December 31, 2019, and 2020. No impairment existed at December 31, 2018, 2019, and 2020, and there were no observable price changes for the years ended December 31, 2018, 2019, and 2020.

(vi) In December 2019, the Group paid RMB361,100 in cash in exchange of 24.47% equity interest in Hubei Consumer. No impairment existed at December 31, 2020, and there were no observable price changes for the year ended December 31, 2020.

(vii) In November 2020, the Group paid RMB 15,000 in cash in exchange of 33.33% equity interest in Zhuhai Yuanxin. No impairment existed at December 31, 2020, and there were no observable price changes for the year ended December 31, 2020.

(viii) In December 2017, the Group purchased a 8.50% equity interest in Ningbo Weilie for a total cash consideration of RMB 20,000,000.No impairment existed at December 31, 2020, and there were no observable price changes for the year ended December 31, 2020.

(ix) Other investments represent several insignificant investments as of December 31, 2018, 2019 and 2020. Impairment losses of RMB23,140, RMB20,724 and nil were reported in consolidated statements of operations for the years ended December 31, 2018, 2019 and 2020 related to Shanghai Wujiu Information Technology Company Limited (“Shanghai Wujiu”), Ofo International Limited (“OFO”), and Orange Island Technology Inc.(“Orange”). During the year ended in December 31, 2018, the Group determined that Shanghai Wujiu and OFO had encountered going concern issues due to their working capital deficiencies and poor operating results. As a result, the Group fully impaired the investments during the year ended December 31, 2018. During the year ended in December 31, 2019, the Group determined that Orange had encountered going concern issues and was in the process of liquidation. Thus, the Group fully impaired the investment during the year ended December 31, 2019.

Equity method investments

	December 31, 2019	December 31, 2020
	RMB	RMB
CSJ Golden Bull (Beijing) Investment Consulting Co., Ltd (“CSJ Golden Bull”)(i)	26,675	22,135
Suzhou Qingyu Technology Limited (“Suzhou Qingyu”)(ii)	19,092	—
Cornerstone Unicorn No.3 Private Equity Investment Fund(iii)	132,859	—
Others	28,197	35,356
Total	**206,823**	**57,491**

(i) In September 2017, the Group purchased an equity interest of CSJ Golden Bull for a total cash consideration of RMB40,900. The Group held a 25% equity interest as of December 31, 2019 and 2020, and recognized its share of loss of RMB6,181, RMB6,764, and RMB4,540 for the years ended December 31, 2018, 2019, and 2020, respectively.

(ii) In July 2017, the Group purchased a 20% equity interest in Suzhou Qingyu for a total consideration of RMB10,000. The Group’s shareholding percentage decreased from 20% to 9.88% due to the issuance of equity interests to new shareholder. In June 2018, the Group purchased 3.15% equity interests of Suzhou Qingyu for a total consideration of RMB20,000. The Group held a 13.03% equity interest as of December 31, 2019 and have ability to exercise significance influence. The Group recognized its share of loss of RMB5,083, RMB4,615 and RMB4,648 for the years ended December 31, 2018, 2019 and 2020. Suzhou Qingyu had encountered going concern issues. Thus, the Group fully impaired the investment during the year ended December 31, 2020.

(iii) In October 2019, the Group purchased 141,460,000 fund shares of Cornerstone Unicorn No.3 Private Equity Investment Fund for a total consideration of RMB141,460. The total shares of the fund is 152,460,000 and the fund manager shall make investment decisions independently. The fund manager can be replaced with the consent of all investors. The Group held 92% share interest as of December 31, 2019 and has ability to exercise significance influence. In December 2020,Cornerstone Unicorn and Cornerstone Management had encountered going concern issues. Thus, the Group fully impaired the investment during the year ended December 31, 2020.

Held-to-maturity investments

During the year ended December 31, 2019, the Group purchased a principal-guaranteed debt investment in the form of a beneficiary interest in a trust for a cash consideration of RMB15,200, which has stated maturity within one year. No impairment loss existed at December 31, 2019. During the year ended December 31, 2020, the Group extend this investment for one more year.

During the year ended December 31, 2020, the Group purchased a principal-guaranteed debt investment in the form of a beneficiary interest in a trust for a cash consideration of RMB19,100, which has stated maturity within one year.

During the year ended December 31, 2020, the Group recorded an impairment charge of RMB1,221 for its held-to-maturity investments due to the adoption of new accounting standards.

8. PROPERTY, EQUIPMENT AND SOFTWARE, NET

	December 31, 2019	December 31, 2020
	RMB	RMB
Office building	19,470	19,470
Computer and electronic equipment	62,748	57,856
Furniture and office equipment	14,039	10,065
Leasehold improvements	33,050	30,069
Software	42,840	46,008
Total property and equipment	172,147	163,468
Accumulated depreciation and amortization	(61,771)	(79,147)
Impairment loss for technology of discontinued online lending information services	—	(20,925)
Property, equipment, net	**110,376**	**63,396**

Depreciation and amortization expense on property, equipment and software for the years ended December 31, 2018, 2019 and 2020 was RMB16,123, RMB28,071 and RMB14,500 respectively.

9. INTANGIBLE ASSETS, NET

	December 31, 2019	December 31, 2020
	RMB	RMB
Brokerage licenses	54,006	51,880
Trade Name	6,400	6,400
Technology	27,600	27,600
Total Intangible assets	88,006	85,880
Accumulated amortization	(14,530)	(24,247)
Impairment loss of technology with discontinued online lending information intermediaries	—	(17,220)
Intangible assets, net	**73,476**	**44,413**

The amortization periods range from 2.6 years to 20 years. Amortization expense on intangible assets for the years ended December 31, 2018, 2019 and 2020 were RMB2,640, RMB9,398, and RMB9,717 respectively. As of December 31, 2020, the Group expects to record amortization expenses related to intangible assets RMB7,281, RMB5,599, RMB5,599, RMB3,971 and RMB 3,397 for the next five years, respectively, and RMB18,568 thereafter.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2019	December 31, 2020
	RMB	RMB
Accrued advertising and marketing fee	715,218	105,638
Payable related to services fee and others	248,816	152,396
Amounts due to customers for the segregated bank balances held on their behalf	125,437	405,719
Deposit	15,995	2,913
Value added tax and surcharges	42,699	16,494
Others	80,945	43,526
Total accrued expenses and other current liabilities	**1,229,110**	**726,686**

11. RELATED PARTY BALANCES AND TRANSACTIONS

The Group accounts for related party transactions based on various services agreements. Below summarizes the major related parties and their relationships with the Group, and the nature of their services provided to/by the Group:

Name of related parties	Relationship with the Group	Major transaction with the Group
Beijing Jiufu Weiban Technology Limited ("9F Weiban")	Equity method investee (until January 2019)	Consulting services and related party loans
Beijing WeCash Qiyi Technology Limited ("WeCash Qiyi")	Equity method investee (until February 2018)	Borrower acquisition and referral services
Huoerguosi Wukong Digital Technology Limited ("Huoerguosi")	Entity controlled by Sun, Lei (until November 2018)	Advertising services
WeCash Xiangshan Information Technology Limited ("WeCash Xiangshan")	Subsidiary of equity method investee	Credit inquiry services
Shenzhen Boya	Equity method investee (until May 2019)	Borrower acquisition and referral services
Kashi Boya Chengxin Internet Technology Limited ("Kashi Boya")	Subsidiary of equity method investee (until May 2019)	Borrower acquisition and referral services
Shenzhen Lingxian	Equity method investee (until December 2019)	Prepayment for merchandise
Shanghai Jiutai Financial Information Services Limited ("Shanghai Jiutai")	Entity controlled by Liu, Lei	Related party loan
CSJ Golden Bull	Equity method investee	Investors acquisition, referral services, and related party loan
Beijing Shunwei Wealth Technology Limited ("Beijing Shunwei")	Equity method investee (until June 2019)	Borrower acquisition and referral services
Beijing Jiujia Wealth Management Limited ("Beijing Jiujia")	Equity method investee (until January 2018)	Investors acquisition and referral services and related party loan
Yoquant	Equity method investee (until January 2019)	Consulting services
Zhejiang Lingchuang Food Limited	Subsidiary of equity method investee (until December 2019)	Deposit
Qu, Jiachun	Principal shareholder of the Group	Related party loan
Ren, Yifan	Director of the Group	Related party loan

Name of related parties	Relationship with the Group	Major transaction with the Group
Liu, Lei	President	Related party loan
Zhuhai Hengqin Flash Cloud Payment Information Technolgy Limited (“Zhuhai Hengqin Payment”)	Entity controlled by Sun, Lei	Payment processing service
Huoerguosi Flash Cloud Payment Information Technology Limited (“Huoerguosi Payment”)	Entity controlled by Sun, Lei	Payment processing service
Nanjing Lefang	Investee with significant influence	Borrower acquisition and referral services purchased by the Group, consulting service provided to Nanjing Lefang by the Group, and related party loan
Shanghai Qiuzhi Information Technology Limited (“Shanghai Qiuzhi”)	Equity method investee (from May 2019)	Borrower acquisition and referral services
Beijing Jiuzao Technology Limited(“Beijing Jiuzao”)	Entity controlled by Sun, Lei (from December 2019)	Borrower acquisition and referral services
Hangzhou Shuyun Gongjin Technology Limited (“Hangzhou Shuyun”)	Entity controlled by Sun, Lei	Credit inquiry services
Chen, Lixing	Vice President	Related party loan
Nine F Capital Limited (“Nine F”)	Entity owned by Sun, Lei	Related party loan
Lin, Yanjun	Chief Financial Officer of the Group	Related party loan
Sun, Lei	Chief Executive Officer of the Group	Related party loan

Details of related party balances and transactions as of and for the years ended December 31, 2018, 2019 and 2020 are as follows:

(1) Services provided by related parties

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB
Investors and borrower acquisition and referral services:			
Beijing Jiujia	9,965	—	—
Beijing Shunwei	5,133	1,221	—
Shenzhen Boya	9,781	4,696	—
Beijing Jiuzao	—	7,257	852
Nanjing Lefang	12,890	29,476	—
Shanghai Qiuzhi	—	120	49
Subtotal	37,769	42,770	901
Credit inquiry services:			
WeCash Xiangshan	427	—	—
Hangzhou Shuyun	—	5,925	358
Subtotal	427	5,925	358
Payment processing service:			
Zhuhai Hengqin Payment	17,808	9,175	—
Huoerguosi Payment	20,504	—	—
Subtotal	38,312	9,175	—
Others	261	20	—
Total	**76,769**	**57,890**	**1,259**

(2) Services provided to related parties

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB
Beijing Shunwei	3,941	—	—
Nanjing Lefang	26,386	1,994	—
Shanghai Qiuzhi	—	99	—
Shenzhen Boya	—	6	—
Kashi Boya	4,495	—	—
Others	179	—	—
Total	**35,001**	**2,099**	—

(3) Amounts due from related parties

	December 31, 2019 RMB	December 31, 2020 RMB
Nine F(i)	—	—
Beijing Shunwei	—	—
9F Weiban	—	—
Lin, Yanjun	—	—
Chen, Lixing	—	—
Nanjing Lefang	50,000	—
Shenzhen Lingxian	—	—
Sun Lei	—	—
Total	**50,000**	—

(i) On April 20, 2018, the Company extended a loan to Nine F of US$20 million with term of 3 years and an interest rate at the US dollar deposit rate for the same period as published by Bank of China. The purpose of the loan is to finance the purchase by Lei Sun of the ordinary shares of 9F Inc. from Yifan Ren, one of the Founders of the Company. The loan was fully repaid in August 2019.

(4) Amounts due to related parties

	December 31, 2019 RMB	December 31, 2020 RMB
Zhuhai Hengqin Payment	3,125	4,731
Huoerguosi Payment	—	—
Qu, Jiachun	—	—
Ren, Yifan	—	—
Zhejiang Lingchuang Food Limited	—	—
Nanjing Lefang	18,474	18,834
Beijing Shunwei	—	—
Shenzhen Boya	—	—
Hangzhou Shuyun	883	18
Beijing Jiuzao	7,300	182
Shanghai Qiuzhi	120	—
Niche Global Fintech Corporation Limited	—	1,524
Total	**29,902**	**25,289**

12. INCOME TAXES

9F Inc. is a company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, it is not subject to tax on either income or capital gain.

According to the HK regulations, HK entities are subject to a two-tiered income tax rate for taxable income earned in Hong Kong with effect from April 1, 2018. The first HK$2 million of profits earned by HK entity will be taxed at 8.25%, while the remaining profits will continue to be taxed at the existing 16.5% tax rate. In addition, to avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate.

Under the PRC Enterprise Income Tax Law (the "EIT Law"), the Group's subsidiaries domiciled in the PRC are subject to 25% statutory rate unless they are qualified for preferential income tax rate status in accordance with the EIT Law. Certain of the Group's PRC subsidiaries and VIEs enjoy a preferential income tax rate of 15% or 20% under the EIT Law. A ''high and new technology enterprise'' is entitled to a favorable income tax rate of 15% and such qualification is reassessed by relevant governmental authorities every three years. In December 2016, Beijing Muyu Technology Development Co., Ltd. ("Beijing Muyu"), a subsidiary of Beijing Jiufu Puhui Information Technology Co., Ltd. ("Jiufu Puhui"), was qualified as a ''high and new technology enterprise'' and thus enjoyed a preferential income tax rate of 15% for 2018, 2019, and 2020. In 2017, each of Jiufu Shuke, Jiufu Puhui and Jiufu Wukong (Beijing) Technology Co., Ltd. ("Jiufu Wukong"), a subsidiary of Jiufu Shuke, was qualified as a ''high and new technology enterprise'' and thus enjoyed a preferential income tax rate of 15% for 2018, 2019, and 2020. In 2018, Yisi Hudong(Beijing)Technology Co.,Ltd. ("Yisi Hudong"), a subsidiary of Zhuhai Jiufu Xiaojin, was qualified as a ''high and new technology enterprise'' and thus enjoyed a preferential income tax rate of 15% for 2018, 2019 and 2020. They would enjoy a preferential income tax rate of 15% for 2020, provided they continue to meet the standards for "high and new technology enterprise" during 2021. Jiufu Weiban, a subsidiary of Xinjiang Shuke, was qualified as a "high and new technology enterprise" and thus enjoyed a preferential income tax rate of 15% for 2018, 2019 and 2020. They would enjoy a preferential income tax rate of 15% for 2021, provided they continue to meet the standards for "high and new technology enterprise" during 2020. In addition, Zhuhai Hengqin Jiufu Technology Co., Ltd. ("Zhuhai Hengqin") has been recognized as an enterprise of encouraged industries in the Hengqin New Area of Guangdong Province and enjoyed a preferential income tax rate of 15% for 2018, 2019 and 2020. Zhuhai Jiufu Xiaojin Technology Co., Ltd. ("Zhuhai Xiaojin") has been recognized as an enterprise of encouraged industries in the Hengqin New Area of Guangdong Province and enjoyed a preferential income tax rate of 15% for 2018, 2019, and 2020. Xizang Jiufu Dingdang Information Technology Co., Ltd. ("Jiufu Dingdang") has been recognized as encouraged industries in the Tibet autonomous region and enjoyed a preferential income tax rate of 15% for 2018, 2019 and 2020, the income tax shared by Tibet autonomous region was temporarily exempted. Xinjiang Teyi Shuke Information Technology Co., Ltd. (''Xinjiang Shuke'', formerly known as Xinjiang Jiufu Onecard Information Technology Co., Ltd.) has been recognized as encouraged industries in the Xinjiang Kashgar Special Economic Development Area and enjoyed a five-years exemption from enterprise income tax from 2017 to 2021. Liangzi (Tianjin) Finance Lease Limited ("Liangzi") was qualified as a "small enterprises with low profits" and thus enjoyed a preferential income tax rate of 25% for 2019 and 2020. Beijing Baibai Technology Co., Ltd, Beijing Juhuixuan Technology Co., Ltd, Shenzhen Jiufu Xinfu Commercial Factoring Co., Ltd, Jiuxing insurance brokerage Co., Ltd, Beijing Jiubao Technology Co., Ltd, Zhuhai Jiuxin Asset Management Co., Ltd, and Qianhai Jiufu network technology (Shenzhen) Co., Ltd are qualified as "small enterprises with low profits" and thus enjoyed a preferential income tax rate of 20% for 2018, 2019 and 2020.

The current and deferred components of the income tax expense which were substantially attributable to the Group's PRC subsidiaries and VIEs and VIEs' subsidiaries, are as follows:

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	RMB	RMB	RMB
Current tax	376,177	245,397	42,758
Deferred tax	26,226	(419,994)	495,546
Total	402,403	(174,597)	538,322

The reconciliation of income tax expense at statutory tax rate to income tax expense recognized is as follows:

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB
Income (loss) before income tax expenses	2,418,729	(2,220,324)	(1,691,563)
Statutory tax rate in the PRC	25 %	25 %	25 %
Income tax expense at statutory tax rate	**604,682**	**(555,081)**	**(422,891)**
Non-deductible expenses(i)	19,526	15,362	278,303
Change in valuation allowance	20,980	43,350	504,360
Effect of tax holiday and preferential tax rate	(375,632)	221,590	104,218
Share-based compensation expenses	127,041	88,288	72,657
Effect of different tax rates of subsidiaries operating in other jurisdictions	5,806	11,894	1,675
Income tax expense	**402,403**	**(174,597)**	**538,322**

(i) The amount included in non-deductible expenses is as follows:

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB
Non-deductible expenses—excessive advertising fees	2,927	—	—
Other non-deductible expenses	16,599	15,362	278,303
Total	**19,526**	**15,362**	**278,303**

The aggregate amount and per ordinary share effect of the tax holiday and preferential tax rate are as follows:

	December 31, 2018 RMB	December 31, 2019 RMB	December 31, 2020 RMB
The aggregate amount of tax holiday and preferential tax rate	375,632	(221,590)	(104,218)
The aggregate effect on basic and diluted net income per ordinary share:			
—Basic	2.31	(1.27)	(0.52)
—Diluted	2.02	(1.27)	(0.52)

The tax effects of temporary differences that gave rise to the deferred tax balances are as follows:

	December 31, 2018	December 31, 2019	December 31, 2020
	RMB	RMB	RMB
Deferred revenue	36,834	104,750	11,786
Accrued expenses	55,110	105,475	106,404
Allowance for doubtful accounts	4,335	265,745	330,488
Net operating loss carry forward	44,379	80,485	142,722
Excess advertising fee	—	47,202	12,630
Less: valuation allowance	(56,320)	(99,670)	(604,030)
Total deferred tax assets, net	**84,338**	**503,987**	—

The movements of valuation allowance for the years ended December 31, 2018, 2019 and 2020 are as follows:

	2018	2019	2020
	RMB	RMB	RMB
Balance at beginning of year	35,340	56,320	99,670
Additions	34,459	56,132	504,360
Reversal	(13,479)	(12,782)	—
Balance at end of year	56,320	99,670	604,030

	December 31, 2018	December 31, 2019	December 31, 2020
	RMB	RMB	RMB
Deferred tax liabilities:			
Intangible asset from acquisition	9,003	15,354	9,280
Contract assets	—	1,861	—
Total deferred liabilities	**9,003**	**17,215**	**9,280**

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. The valuation allowance is considered on each individual entity basis. Considering all the above factors, valuation allowances were established to certain entities because the Group believes that it is more likely than not that its deferred tax assets will not be realized as it does not expect to generate sufficient taxable income in the near future.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties, occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for EIT law purposes. If the PRC tax authorities subsequently determine that the Group and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Group and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a statutory income tax rate of 25%, the Group is not subject to any other uncertain tax position.

The EIT regulations (i.e. Caishui [2011] No. 112) specify that legal entities organized in the Xinjiang Kashgar Special Economic Development Area upon meeting certain requirements can qualify for five years exemption on income tax. Uncertainties exist with regard to whether Xinjiang Shuke can meet the requirements stipulated under the current EIT regulations as well as whether the Group income allocation to entities in Xinjiang match with their business substance. Despite the present uncertainties resulting from the limited tax implementation guidance for the preferential tax treatment of the above regulation in Xinjiang and the tax authorities' view on the income allocation, the Group believes that the legal entities in the Xinjiang Kashgar Special Economic Development Area meet the requirements as stipulated by the prevailing EIT laws and regulations and therefore can qualified for the income tax exemption and the current income allocation ratio can be sustained. If the PRC tax authorities subsequently determine that these entities do not qualified for the income tax exemption status or the income allocation ratio is not in compliance with arm's length principle, these entities will be subject to the PRC income taxes, at a statutory rate of 25%, or a transfer pricing adjustment would be made to increase the profit of other entities (subject to 25% or 15% EIT rate) in the Group, which will in turn increase our tax liability, late payment interest, and penalties of the Group.

According to PRC Tax Administration and Collection Law, the statute of limitations is for a period of three years if the underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations will be extended five years under special circumstances, which are not clearly defined (but an underpayment of tax liability exceeding RMB0.1 million is specifically listed as a special circumstance). In the case of a related party transaction, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. From inception to 2020, the Group is subject to examination of the PRC tax authorities.

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, if the foreign investor is incorporated in Hong Kong and qualifies as the beneficial owner, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in the FIE, or 10%, if the investor holds less than 25% in the FIE. A deferred tax liability should be recognized for the undistributed profits of PRC subsidiaries unless the Group has sufficient evidence to demonstrate that the undistributed dividends will be reinvested and the remittance of the dividends will be postponed indefinitely. The Group plans to indefinitely reinvest undistributed profits earned from its China subsidiaries in its operations in the PRC. Therefore, no withholding income taxes for undistributed profits of the Group's subsidiaries have been provided as of December 31, 2017, 2018, and 2019.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a domestic subsidiary. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group completed its feasibility analysis on a method, which the Group will ultimately execute if necessary to repatriate the undistributed earnings of the VIEs without significant tax costs. As such, the Group does not accrue deferred tax liabilities on the earnings of the VIEs given that the Group will ultimately use the means.

13. SHARE-BASED COMPENSATION

Share incentive plan

Share options

In 2015, the Group adopted the 2015 Share Incentive Plan (the "2015 Plan") and, in 2016, the Group adopted the 2016 Share Incentive Plan (the "2016 Plan"), which permits the grant of three types of awards: options, restricted shares and restricted share units. Persons eligible to participate in the 2015 Plan and 2016 Plan (collectively, the "Plans") includes employees, consultants and directors of the Group or any of affiliates, which include the Group's parent company, subsidiaries and the Group. Under the 2015 plan, a maximum ordinary shares available for issuance were 15,094,700. Under the 2016 Plan, a maximum of 16,771,900 ordinary shares were reserved for issuance. According to the resolutions of the board of director in 2017, the Group reserved additional 35,867,400 ordinary shares for the Plans. According to the resolutions of the board of director in 2018, the Group reserved additional 3,518,000 ordinary shares for the Plans.

During the year ended December 31 2020, the Group granted 680,300 share options at the exercise price of RMB24.11 per share, 2,853,911 share options at the exercise price of zero,3,345,098 share options at the exercise price of RMB24.11 per share,178,900 share options at the exercise price of RMB13.83 per share, 445,280 share options at the exercise price of RMB24.11 per share. These grants are subject to the following vesting conditions:

- 680,300 share options will vest over 5 years based on vesting of 15%, 20%, 20%, 20% and 25% at each anniversary subsequent to the grant date.
- 2,853,911 share options vested 1,426,955 on March,20,2020 and 1,426,955 on April,20,2020.
- 3,345,098 share options fully vested on May 28,2020.
- 178,900 share options will vest over 4 years based on vesting of 20%, 20%, 30%, and 30% at each anniversary subsequent to the grant date.
- 445,280 share options will vest annually in equal instalment over 5 years.

During the year ended December 31 2019, the Group granted 2,279,400 share options at the exercise price of RMB24.06 per share, 78,600 share options at the exercise price of RMB50.13 per share, and 21,500 share options at the exercise price of RMB14.32 per share. These grants are subject to the following vesting conditions:

- 100,100 share options will vest annually in equal instalment over 3 or 4 years.
- 34,600 share options will vest annually in equal instalment at each calendar year end of grant date over 4 years.
- 33,600 share options will vest annually in equal instalment at each anniversary subsequent to the grant date over 5 years. In addition to the service requirement, the share options will only vest upon IPO.
- 46,500 share options will vest over 5 years based on vesting of 15%, 20%, 20%, 20% and 25% at each anniversary subsequent to the grant date. In addition to the service requirement, the share options will only vest upon IPO.
- 64,700 share options will vest over 4 years based on vesting of 20%, 25%, 25%, and 30% at each anniversary subsequent to the grant date. In addition to the service requirement, the share options will only vest upon IPO.
- 100,000 share options will vest over 6 years based on vesting of 12%, 12%, 16%, 20%, 20% and 20% at each anniversary subsequent to the grant date. In addition to the service requirement, the share options will only vest upon IPO.
- 2,000,000 share options will vest over 5 years based on vesting of 40%, 15%, 15%, 15%, and 15% at each anniversary of grant date. In addition to the service requirement, the share options will only vest upon IPO.

During the year ended December 31, 2018, the Group granted 1,118,400 share options at the exercise price of RMB24.06 per share, 961,100 share options at the exercise price of RMB14.32 per share. These grants are subject to the following vesting conditions:

- 618,400 share options will vest annually in equal instalment at each calendar year end subsequent to the grant date over 5 years. In addition to the service requirement, 500,700 share options will only vest upon IPO.
- 400,000 share options will vest over 4 years based on vesting of 40%, 20%, 20% and 20% at each calendar year end subsequent to the grant date. In addition to the service requirement, the share options will only vest upon IPO.
- 357,800 share options will vest over 4 years based on vesting of 20%, 20%, 30%, and 30% at each calendar year end subsequent to the grant date. In addition to the service requirement, 178,900 share options will only vest upon IPO.

- 100,000 share options will vest over 5 years based on vesting of 16%,16%,16%,16%,16% and 20% of the options will be average vested on each year end of grant date. In addition to the service requirement, the share options will only vest upon IPO.

- 603,300 share options will vest over 3 years based on vesting of 60%,30% and 10% of the options will be average vested on each year end of grant date.

The vesting of the share options granted during the years ended December 31 2018, 2019 and 2020 are also subject to certain annual performance targets established by the Group's Board of Directors and Chief Executive Officer("CEO"). The Group recognized compensation expenses related to the option linked to these performance targets during the vesting period based on the probable outcome of these performance conditions. The Group has determined that it is probable these conditions will be met; as such the share-based compensation is recognized over the vesting period.

The Group calculated the estimated fair value of the share options on the respective grant dates using the binomial option pricing model with the assistance from an independent valuation firm, with the following assumptions used in 2018, 2019 and 2020. The weighted-average grant-date fair value of the share options granted during 2018, 2019 and 2020 was RMB69.34, RMB38.29 and RMB35.88 respectively.

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
Risk free rate of interest	2.45% - 2.98%	1.79%-2.53%	0.27%-1.47%
Volatility	43.5% - 48.3%	43.4%-55.3%	48.8%-59.5%
Dividend yield	—	—	—
Exercise multiples	2.2 / 2.8	2.2 / 2.8	2.2 / 2.8
Life of option (years)	4.0 - 6.0	4.0 - 6.0	2.5-6.0

(1) Risk free rate of interest

Based on the daily treasury long term rate of U.S. Department of the treasury with a maturity period close to the expected term of the option.

(2) Volatility

The volatility factor estimated was based on the annualized standard deviation of the daily return embedded in historical share prices of the selected guide line companies with a time horizon close to the expected expiry of the term.

(3) Dividend yield

The Company has never declared or paid any cash dividends on the Company's capital stock, and does not anticipate any dividend payments on the Company's ordinary shares in the foreseeable future.

(4) Exercise multiples

The expected exercise multiple was estimated as the average ratio of the stock price as at the time when employees would decide to voluntarily exercise their vested options. As the Group did not have sufficient information of past employee exercise history, it was estimated by referencing to academic research publications. For key management grantee and non-key management grantee, the exercise multiple was estimated to be 2.8 and 2.2 respectively.

The activity in share options during period from December 31, 2019 to December 31, 2020 is set out below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant-date Fair Value
		RMB	RMB
Outstanding as of December 31, 2019	36,474,200	12.28	34.61
Granted	7,503,489	14.70	35.88
Exercised	(8,319,681)	—	22.00
Forfeited	(6,384,600)	17.05	39.66
Outstanding as of December 31, 2020	29,273,408	17.24	40.24

The following table summarizes information with respect to share options outstanding as of December 31, 2020:

	Options Outstanding		Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Outstanding	Weighted Average Remaining Contractual Life
RMB				
7.78	10,340,000	0.64	9,878,000	0.52
14.32	12,036,630	1.97	11,644,230	1.94
24.06	2,641,500	3.55	—	—
24.11	4,176,678	3.55	3,345,098	3.55
51.05	78,600	3.02	—	—
	29,273,408		24,867,328	

The share-based compensation expenses recognized with each issuance of share options since January 1, 2015 are as follows:

Date of Grant	For the year ended December 31, 2018 RMB	2019 RMB	2020 RMB
10/07/2015	2,613	—	—
25/09/2015	111	57	—
01/07/2016	47,177	27,771	10,319
16/08/2016	241	251	—
23/08/2016	2,336	2,442	1,571
01/09/2016	1,546	1,616	—
06/09/2016	3,524	3,427	898
01/08/2017	9,686	10,124	6,623
11/09/2017	8,713	9,107	—
10/10/2017	2,732	2,856	2,862
20/10/2017	393,648	63,246	—
26/12/2017	—	135,997	4,674
19/01/2018	33,623	8,486	1,533
07/03/2018	2,193	4,162	—
27/03/2018	—	6,345	3,604
27/04/2018	—	10,377	—
01/09/2018	—	1,366	1,028
29/09/2018	—	20,195	4,600
24/12/2018	19	1,095	—
07/01/2019	—	1,842	839
21/04/2019	—	653	309
13/06/2019	—	97	177
14/06/2019	—	41	75
01/07/2019	—	41,598	13,657
21/2/2020	—	—	110,145
28/2/2020	—	—	127,716
Share-based compensation recognized for share options	**508,162**	**353,151**	**290,630**

A summary of share based compensation recognized related to share options granted and ordinary shares issued is as follows:

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB
General and administrative expenses	508,162	353,151	290,630
Total	**508,162**	**353,151**	**290,630**

As of December 31, 2018, 2019 and 2020, unrecognized compensation cost related to unvested option awards granted to employees of the Group was RMB410,202, RMB150,349 and RMB8,741, respectively. As of December 31, 2020, such cost was expected to be recognized over a weighted average period of 3.24 years.

14. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On March 25, 2015, 9F issued 11,950,600 Series A preferred shares at a per-share purchase price of about US$2.93 (equivalent to RMB18.16) to certain third party shareholders (“Series A Preferred Shareholders”) for a cash consideration of US$35 million (equivalent to RMB215 million).

On July 5, 2017, 9F issued 2,830,300 Series B preferred shares at a per-share purchase price of about US$10.60 (equivalent to RMB71.56) to certain third party shareholders (“Series B Preferred Shareholders”) for a cash consideration of US$30 million (equivalent to RMB202 million).

On Nov 7, 2017, 9F issued 5,051,800 Series C preferred shares at a per-share purchase price of about US$10.60 (equivalent to RMB70.36) to certain third party shareholders ("Series C Preferred Shareholders") for a cash consideration of US$54 million (equivalent to RMB355 million).

On January 26, 2018, 9F issued 3,518,000 Series D preferred shares at a per-share purchase price of about US$18.48 (equivalent to RMB116.09) to certain third party shareholders ("Series D Preferred Shareholders") for a cash consideration of US$65 million (equivalent to RMB 408 million).

On September 14, 2018, 9F issued 1,082,500 Series E preferred shares at a per-share purchase price of about US$18.48 (equivalent to RMB126.48) to certain third party shareholders ("Series E Preferred Shareholders") for a cash consideration of US$20 million (equivalent to RMB 136 million).

The key terms of the equity interest with preferential feature are follows:

Voting Rights

The holders of preferred shares and the holders of ordinary shares shall vote together based on their shareholding percentages.

Dividends

The holder of each preferred share shall have the right to receive non-cumulative dividends, pari passu with the ordinary shares, on an as-converted basis, when, as and if declared by the Board.

Liquidation

If a Liquidation Event occurs, distributions to the shareholders of the Group shall be made in the following manner:

(a) Each holder of the Series D and E preferred shares shall be entitled to receive out of the remaining assets of the Group available for distribution to its Members, prior and in preference to any distribution of any assets or surplus funds of the Group to the holders of the ordinary shares, Series A preferred shares, Series B preferred shares and Series C preferred shares of the Group, an amount equal to 115% of the Series D Issue Price for each Series D preferred share an amount equal to 115% of the Series E Issue Price for each Series E preferred share, plus all declared but unpaid dividends and distributions on such Series D and E preferred share. If the assets and surplus funds distributable are insufficient to permit the payment for the full Series D Preference Amount and Series E Preference Amount, then the entire assets and surplus funds of the Group available for distribution to such holders shall be distributed ratably among the holders of Series D and E preferred shares in proportion to the number of Series D and Series E preferred shares owned by each such holder.

(b) Each holder of the Series C preferred shares shall be entitled to receive out of the remaining assets of the Group available for distribution to its Members, prior and in preference to any distribution of any assets or surplus funds of the Group to the holders of the ordinary shares, Series A preferred shares and Series B preferred shares of the Group, an amount equal to 115% of the Series C Issue Price for each Series C preferred share, plus all declared but unpaid dividends and distributions on such Series C preferred share. If the assets and surplus funds distributable are insufficient to permit the payment for the full Series C Preference Amount, then the entire assets and surplus funds of the Group available for distribution to such holders shall be distributed ratably among the holders of Series C preferred shares in proportion to the number of Series C preferred shares owned by each such holder.

(c) Each holder of the Series B preferred shares shall be entitled to receive out of the remaining assets of the Group available for distribution to its shareholders, prior and in preference to any distribution of any assets or surplus funds of the Group to the holders of the ordinary shares and Series A preferred shares of the Group, an amount equal to 115% of the Series B Conversion Price for each Series B preferred share, plus all declared but unpaid dividends and distributions on such Series B preferred share. If the assets and surplus funds distributable are insufficient to permit the payment for the full Series B Preference Amount, then the entire assets and surplus funds of the Group available for distribution to such holders shall be distributed ratably among the holders of Series B preferred shares in proportion to the number of Series B preferred shares owned by each such holder.

(d) Each holder of the Series A preferred shares shall be entitled to receive out of the remaining assets of the Group available for distribution to its shareholders, prior and in preference to any distribution of any assets or surplus funds of the Group to the holders of the ordinary shares and any other class of shares of the Group, an amount equal to the higher of

(i) 130% of the Series A issue price for each Series A preferred share, plus all declared but unpaid dividends and distributions on such Series A preferred share

(ii) an amount such holder of Series A preferred share is entitled to assuming pro rata distribution of the assets and surplus funds distributable among all the holders of the preferred shares and all the holders of the ordinary shares.

If the assets and surplus funds distributable are insufficient to permit the payment for the full Series A preference amount, then the entire assets and surplus funds of the Group available for distribution to such holders shall be distributed ratably among the holders of Series A preferred shares in proportion to the number of Series A preferred shares owned by each such holder.

Conversion

Each holder of preferred shares has the right to convert any or all of its preferred shares into ordinary shares at the quotient of the original issue price divided by the then effective conversion price, which shall initially be the issue price per share of the preferred shares, as defined in the memorandum and articles of association being no less than par value. In addition, all outstanding preferred shares shall be automatically converted into ordinary shares upon the consummation of a Qualified IPO.

“Qualified IPO” means a firm commitment underwritten registered initial public offering by the Group of its ordinary shares (or securities of the Group representing the ordinary shares), representing no less than 10% of the Group’s share capital on a fully-diluted basis, on New York Stock Exchange, NASDAQ, Hong Kong Stock Exchange or other internationally recognized stock exchange, as approved by the Shareholders in accordance with the Shareholders Agreement, the Memorandum and these Articles, pursuant to a registration statement that is filed with and declared effective in accordance with the securities laws of relevant jurisdiction at a public offering price per share (prior to customary underwriters’ commissions and expenses) that is no less than the higher of (i) the product of 1.2 and the Series A Issue Price, and (ii) an amount that represents the Series A Issue Price plus 20% of compound internal rate per annum on the Series A Issue Price for the period from the Series A Issuance Date to the closing date of such offering.

IPO Adjustment Events

If the Group completes an IPO within 12 months, 24 months or 36 months after the Closing and the public offering price per ordinary share, in the IPO is less than the result of (A)130% (within 12 months), 150% (within 24 months) and 180% (within 36 months) of the Series B, C, D and E Conversion Price effective immediately prior to the completion of the IPO, minus (B) all dividends that have been declared on a Series B, C, D and E preferred share prior to the completion of the IPO (the "Declared Dividends"), then, at the option of the Group:

(i) the Series B, C, D and E Conversion Price of each Series B, C, D and E preferred share held by the Purchaser shall, immediately prior to the completion of the IPO, be adjusted in accordance with the following formula (such new Series B and C Conversion Price, the "Adjusted Conversion Price I, II and III"):

Adjusted Conversion Price I = (Per Share Offering Price + Declared Dividends) / 130% (within 12 months);

Adjusted Conversion Price II = (Per Share Offering Price + Declared Dividends) / 150% (within 24 months);

Adjusted Conversion Price III = (Per Share Offering Price + Declared Dividends) / 180% (within 36 months);

(ii) the Group shall, within thirty (30) Business Days from the completion of the IPO, pay, or cause to be paid, an amount calculated in accordance with the formula below (the "Adjustment Amount I") to the Purchaser for each Series B, C, D and E preferred share held by the Purchaser immediately prior to completion of the IPO in cash by wire transfer of immediately available funds to an account designated by the Purchaser:

Adjusted Amount I = Series B&C&D&E Conversion Price effective immediately prior to completion of the IPO—Adjusted Conversion Price I (within 12 months)

Adjusted Amount II = Series B&C&D&E Conversion Price effective immediately prior to completion of the IPO—Adjusted Conversion Price II (within 24 months)

Adjusted Amount III = Series B&C&D&E Conversion Price effective immediately prior to completion of the IPO—Adjusted Conversion Price III (within 36 months)

Performance Adjustments

The Group has determined that there was no beneficial conversion feature ("BCF") attributable to the preferred shares, as the effective conversion price was greater than the fair value of the ordinary shares on the respective commitment date. The Group will reevaluate whether additional BCF is required to be recorded upon adjustments to the effective conversion price of the preferred shares, if any.

Redemption

Redemption condition for Series A preferred shares

In the event that the Group has not consummated a Qualified IPO as of the date that is thirty-six (36) months after March 25, 2015, each holder of the then outstanding Series A preferred shares, may require that the Group redeem all of its preferred shares.

Redemption condition for Series B preferred shares

The Series B preferred shares is redeemable, at any time after the earlier of:

i) Thirty-six (36) months after July 5, 2017, if the Group has not consummated a Qualified IPO;

ii) Any willful misconduct by the Founder or the Group;

iii) Termination of the Founder by the Group;

iv) Any redemption required by other investors, then subject to the applicable laws of the Cayman Islands and if so requested by any holder of then issued, outstanding Series B preferred shares, the Group shall redeem all or part of the issued, outstanding Series B preferred shares of such holder in cash out of funds legally available.

Redemption condition for Series C preferred shares

The Series C preferred shares is redeemable, at any time after the earlier of:

i) Thirty-six (36) months after November 7, 2017, if the Group has not consummated a Qualified IPO;

ii) The 2017 Actual Profit as defined by the provision of the preferred share agreement, is less than 80% of 2017 Target Profit (RMB1,000,000,000);

Redemption condition for Series D preferred shares

The Series D preferred shares is redeemable, at any time after thirty-six (36) months after January 26, 2018, if the Group has not consummated a Qualified IPO;

Redemption condition for Series E preferred shares

The Series E preferred shares is redeemable, at any time after the earlier of:

i) Thirty-six (36) months after September 14, 2018, if the Group has not consummated a Qualified IPO;

ii) The 2017 Actual Profit as defined by the provision of the preferred share agreement, is less than 80% of 2017 Target Profit (RMB1,000,000,000);

Redemption Price

The redemption price for Series A, B, C and D preferred share redeemed shall be equal to the applicable preferred share issue price plus a 8% annual return (simple interest), plus all declared but unpaid dividend thereon, for the period from the date of issuance of such preferred share up to the date of redemption, proportionally adjusted for share subdivisions, share dividend, reorganizations, reclassifications, consolidations or mergers. The redemption price for Series E preferred share redeemed shall be equal to the applicable preferred share issue price plus a 10% annual return (simple interest), plus all declared but unpaid dividend thereon, for the period from the date of issuance of such preferred share up to the date of redemption, proportionally adjusted for share subdivisions, share dividend, reorganizations, reclassifications, consolidations or mergers.

Series A redemption event triggered as the Group’s failure to complete a Qualified IPO by March 24, 2018. The Group adjusted the carrying amount of Series A preferred shares to equal the redemption value at December 31, 2018 and 2019, and recognized accretion of the Series A preferred shares amounted to RMB17,225 and RMB10,711 in retained earnings during the year ended December 31, 2018 and 2019, respectively.

The movement in the carrying value of the preferred shares is as follows:

	Series A RMB	Series B RMB	Series C RMB	Series D RMB	Series E RMB	Total RMB
Balance as of December 31, 2017	263,076	202,086	355,248	—	—	**820,410**
Issuance of Series D preferred shares	—	—	—	408,358	—	**408,358**
Issuance of Series E preferred shares	—	—	—	—	136,427	**136,427**
Accretion on convertible redeemable preferred shares to redemption value	17,225	—	—	—	—	**17,225**
Balance as of December 31, 2018	280,301	202,086	355,248	408,358	136,427	**1,382,420**
Accretion on convertible redeemable preferred shares to redemption value	10,711	—	—	—	—	**10,711**
Conversion of convertible preferred shares to ordinary shares	(291,012)	(202,086)	(355,248)	(408,358)	(136,427)	**(1,393,131)**
Balance as of December 31, 2019	—	—	—	—	—	—

Upon the completion of the initial public offering, all of the Company's Preferred Share were converted into 24,433,200 ordinary shares on a one-to-one basis.

15. ORDINARY SHARES

The Group's Amended and Restated Memorandum of Association authorizes the Group to issue 5,000,000,000 ordinary shares with a par value of US$0.00001 per share approximately. As of December 31, 2018, 2019 and 2020, the Group had 162,672,800, 195,191,000, and 203,510,681 ordinary shares issued and outstanding, respectively.

On December 30, 2017, according to the resolution of the board of directors, the Group approved the issuance of 9,894,500 ordinary shares at par value to three individuals who are members of the executive management and board of directors of the Group.

In connection with the above issuances, to provide anti-dilution protection to the preferred shareholders, the board of director further approved the issuance of a total of 1,309,900 ordinary shares at par value to the Series A, B and C Preferred Shareholders. A deemed dividend of RMB103,550 was recorded based on a determined per share fair value of ordinary share at RMB82.10. These ordinary shares were subsequently issued on February 1, 2018.

In August 2019, the Company completed its initial public offering and issued 8,085,000 ADSs (representing 8,085,000 Class A ordinary shares). The net proceeds raised from initial public offering and from exercising the over-allotment option by the underwriters were RMB463,065, net of issuance cost of RMB31,776. Upon the completion of the initial public offering, the 195,191,000 ordinary shares outstanding were classified into Class A and Class B ordinary shares, of which 128,228,600 shares were designated to Class A ordinary shares and 66,962,400 shares were designated to Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to five votes and is convertible into one Class A ordinary share at the option of the holder.

Class A ordinary shares—The Group is authorized to issue 4,600,000,000 Class A ordinary shares with a par value of $0.00001 per share. As of December 31, 2019 and 2020, there were 128,228,600 and 142,348,281 Class A ordinary shares outstanding, respectively.

Class B ordinary shares—The Company is authorized to issue 200,000,000 Class B ordinary shares with a par value of $0.00001 per share. As of December 31, 2019 and 2020, there were 66,962,400 and 61,162,400 Class B ordinary shares outstanding, respectively.

16. SEGMENT INFORMATION

The Group's chief operating decision maker is our Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group. The Group operates and manages its business as a single segment.

Substantially all of the Group's revenues for the years ended December 31, 2018, 2019 and 2020 were generated from the PRC.

As of December 31, 2018, 2019 and 2020, the majority of long-lived assets of the Group were located in the PRC and Hong Kong.

17. EMPLOYEE BENEFIT PLAN

Full time employees of the Group in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The Group accrues for these benefits based on certain percentages of the employees' salaries. The total contribution for such employee benefits were RMB116,281, RMB110,394, and RMB69,370 for the years ended December 31, 2018, 2019 and 2020, respectively.

18. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the Group's PRC subsidiaries and VIEs are required to make appropriation to certain statutory reserves, namely a general reserve, enterprise expansion reserve, and staff welfare and bonus reserve, all of which are appropriated from net profit as reported in their PRC statutory accounts. The Group's PRC subsidiaries and VIEs are required to appropriate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Group's PRC subsidiaries and VIEs. There were no appropriations to these reserves by the Group's PRC entities for the years ended December 31, 2018, 2019 and 2020.

As a result of PRC laws and regulations and the requirement that distributions by the PRC entity can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entity is restricted from transferring a portion of their net assets to the Company. Amounts restricted include paid-in capital and statutory reserves of the Group's subsidiaries and VIEs. As of December 31, 2020, the aggregate amounts of paid-in capital, capital reserve and statutory reserves represented the amount of net assets of the relevant entities in the Group not available for distribution amounted to RMB2,779,849.

19. NET INCOME (LOSS) PER ORDINARY SHARE

The Group has determined that its preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. The holders of the preferred shares are entitled to receive dividends on a pro rata basis, as if their shares had been converted into ordinary shares. Accordingly, the Group uses the two-class method of computing net income per share, for ordinary shares, and preferred shares according to the participation rights in undistributed earnings for the year ended December 31, 2018. For the year ended December 31, 2019, undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss allocated to the ordinary shares. There were no preferred shares outstanding for the year ended December 31, 2020.

Basic and diluted net loss per share for each of the years presented were calculated as follows:

	For the years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Numerator:			
Net income (loss) attributable to 9F Inc.	1,981,804	(2,159,576)	(2,258,895)
Less:			
Change in redemption value in Series A preferred shares	(17,225)	(10,711)	—
Deemed dividend to preferred shareholders	—	—	—
Undistributed earnings allocated to preferred shareholders	(244,589)	—	—
Net income (loss) attributable to ordinary shareholders for computing net income per ordinary shares—basic	1,719,990	(2,170,287)	(2,258,895)
Denominator:			
Weighted average ordinary shares outstanding used in computing net income per ordinary shares—basic	162,672,800	174,552,468	198,596,879
Net income (loss) per ordinary share attributable to ordinary shareholders—basic	10.57	(12.43)	(11.37)
Diluted net income per share calculation			
Net income (loss) attributable to ordinary shareholders for computing net income per ordinary shares—basic	1,719,990	(2,170,287)	(2,258,895)
Add: adjustments to undistributed earnings to participating securities	27,007	—	—
Net income (loss) attributable to ordinary shareholders for computing net income per ordinary shares—dilute	1,746,997	(2,170,287)	(2,258,895)
Denominator:			
Weighted average ordinary shares basic outstanding	162,672,800	174,552,468	198,596,879
Effect of potentially diluted share options	23,062,400	—	—
Weighted average ordinary shares outstanding used in computing net income per ordinary shares—dilute	185,735,200	174,552,468	198,596,879
Net income (loss) per ordinary share attributable to ordinary shareholders—diluted	9.41	(12.43)	(11.37)

For the year ended December 31, 2018, no share options were excluded from the computation of diluted earnings per share as their effects have been anti-dilutive. For the years ended December 31, 2019 and 2020, the effects of all outstanding share options were excluded from the computation of diluted loss per share, as their effects would be anti-dilutive.

20. LEASES

The Group leases certain office premises and cloud infrastructure to support its core business system under non-cancelable leases. The Group determines if an arrangement is a lease at inception. Some lease agreements contain lease and non-lease components, which the Group chooses not to account for as separate components as the Group has elected the practical expedient. As of December 31, 2020, the Group had no long-term leases that were classified as a financing lease. As of December 31, 2020, the Group did not have additional operating leases that have not yet commenced.

	For the years ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	59,395
Non-cash right-of-use assets in exchange for new lease liabilities:	
Operating leases	12,285
Weighted average remaining lease term	
Operating leases	1.5
Weighted average discount rate	
Operating leases	5.30 %
Short-term lease cost	314

As of December 31, 2020, the maturity of operating lease liabilities are as follows:

Years ending December 31:	RMB
2021	14,862
2022	13,405
2023	2,956
2024	—
Thereafter	—
	31,223
Less imputed interest	1,720
Total	29,503

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The terms of the leases do not contain rent escalation or contingent rents. For the year ended December 31, 2018, 2019, 2020, total rental expense for all operating leases amounted to RMB68,753, RMB71,287, and RMB58,831 respectively.

21. COMMITMENTS AND CONTINGENCIES

Contingencies

The Group is subject to period legal or administrative proceedings in the ordinary course of business. The Group does not believe that any currently pending legal, except for the legal proceeding disclosed below, or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

Legal proceedings

As disclosed in Note 2, in 2019, the Company partnered with PICC under the direct lending program. In November 2019, PICC stopped paying service fees as agreed in the Cooperation Agreement. PICC further disputed with the Group regarding payments of the service fees under the Cooperation Agreement.

The Group has suspended its cooperation with PICC on new loans under its direct lending program since December 2019 and has entered into agreements with other financing guarantee companies in providing guarantee services to the institutional funding partners.

In May 2020, the Group commenced a legal proceeding against PICC by submitting a complaint with a local court in Beijing for contract non-performance under the Cooperation Agreement. The Group, together with its legal counsel of the case has determined that PICC has breached its contractual obligation under the Cooperation Agreement for not paying service fees that were due to the Group under the direct lending program. The Group is seeking payments of approximately RMB2.3 billion from PICC to cover the outstanding service fees and related late payment losses. After the Group’s legal action was filed against PICC, PICC filed a civil lawsuit against the Group at a local court in Guangzhou claiming that the second amendment under the Cooperation Agreement is invalid, and therefore PICC is not obligated to pay any outstanding service fees and that a portion of the service fees paid to the Group under the Cooperation Agreement plus accrued interest should be refunded to PICC. After several rounds of jurisdictional objections, the case was finally heard by the local court in Beijing in December 2020. As of the date of this report, the Group is still waiting for court hearing by the local court in Beijing.

The Group is vigorously asserting its rights against PICC and will defend itself against any claims brought against the Group by PICC in the legal proceeding. The Group obtained a legal opinion from a law firm in Beijing who believes that the Group’s claim should have judicial support. As of the date of this report, the legal matter remains at the preliminary stage, and it is not possible at this stage to ascertain the outcome of the lawsuit.

As of the date of this report, the Group is involved in 63 civil cases, disputes involving private lending guarantee, performance infringement, and labor arbitration; the amounts in disputes are approximately RMB48.8 million, RMB5.4 million, RMB1.4 million, and RMB1.1 million, respectively.The cases are at preliminary stage, and it is not possible at this stage to ascertain the outcome of any of the lawsuits.

Beginning in September 2020, the Group and certain of our current and former officers, directors and others were named as defendants in various putative securities class actions captioned *In re 9F Inc. Securities Litigation*, Index No. 654654/2020 (Supreme Court of the State of New York County of New York, Amended Complaint filed Dec. 7, 2020) (the "State Court Action") and *Holland v. 9F Inc. et al.*, No. 2:21-cv-00948 (United States District Court for the District of New Jersey, filed Jan. 20, 2021) (the "Federal Court Action"). Both actions allege that defendants made misstatements and omissions in connection with the Company's initial public offering in August 2019 in violation of the federal securities laws. On April 21, 2021, the parties completed briefing on Defendants' Motion to Dismiss the State Court Action, and a decision is currently pending. Both cases remain in their preliminary stages.

22. SUBSEQUENT EVENTS

The Group has reviewed its subsequent events through May 17, 2021, the date these consolidated financial statements were issued and has determined that other than the following paragraph and matter discussed in Note 21, no material subsequent events have occurred that require recognition in or disclosure to the consolidated financial statements.

The Group early terminated an office lease contract with terms from October 1, 2018 to September 30, 2021 in Beijing on March 3,2021 due to its decision to exit its business operations. According to the termination agreement, the Group was required to pay RMB10 million for the default and restoration. The Group paid the RMB10 million on March 26, 2021.

COVID-19 impacts

Starting from January 2020, a novel strain of coronavirus, COVID-19, has spread worldwide. As COVID-19 has negatively affected the broader Chinese economy and the global economy, China has experienced lower domestic consumption in the first half of 2020, and may experience further economic uncertainty, which may also impact us in a materially negative way. Starting from the fourth quarter of 2020 and extending to the first quarter of 2021, a few waves of COVID-19 infections emerged in various regions of China, and varying levels of travel restrictions were reinstated. Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19 in China.

9F Inc.
SCHEDULE 1-CONDENSED BALANCE SHEETS
(PARENT COMPANY ONLY)
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	December 31, 2019	December 31, 2020	December 31, 2020
	RMB	RMB	US$
Assets:			
Cash and cash equivalents	814,089	778,097	119,249
Amounts due from subsidiaries and VIEs	1,061,026	892,472	136,877
Other receivables	377	653	100
Prepaid expenses and other assets	8,707	2,080	219
Investments in subsidiaries and VIEs	4,406,243	2,503,999	383,755
Total assets	**6,290,442**	4,177,301	640,200
Liabilities:			
Accrued expense and other liability	—	8,684	1,331
Amounts due to subsidiaries and VIEs	9,659	39	6
Total liabilities	**9,659**	**8,723**	**1,337**
Shareholders' Equity:			
Class A ordinary shares (US$0.00001 par value; 4,600,000,000 shares authorized; 128,228,600 and 142,348,281 shares issued and outstanding as of December 31, 2019 and 2020, respectively)	1	1	—
Class B ordinary shares (US$0.00001 par value; 200,000,000 shares authorized; 66,962,400 and 61,162,400 shares issued and outstanding as of December 31, 2019 and 2020, respectively)	1	1	—
Additional paid-in capital	5,241,296	5,531,926	847,805
Retained earnings (deficit)	947,265	(1,356,397)	(207,877)
Accumulated other comprehensive income	92,220	(6,953)	(1,066)
Total shareholders'equity	6,280,783	4,168,578	638,863
Total liabilities and shareholders' equity	**6,290,442**	**4,177,301**	**640,200**

9F Inc.
SCHEDULE 1-CONDENSED STATEMENTS OF OPERATIONS
(PARENT COMPANY ONLY)
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2020
	RMB	RMB	RMB	US$
Equity in earnings (loss) of subsidiaries and VIEs	2,495,935	(1,777,756)	(1,855,047)	(284,298)
Operating costs and expenses	(514,144)	(371,063)	(333,427)	(51,100)
Provision for contract assets and receivables	—	(691)	—	—
Interest income	13	4,601	12,183	1,867
Impairment loss of investments	—	(20,724)	(97,892)	(15,003)
Other income, net	—	6,057	15,288	2,343
Net income (loss)	1,981,804	(2,159,576)	(2,258,895)	(346,191)
Net income (loss) per ordinary share				
Basic	10.57	(12.43)	(11.37)	(1.74)
Diluted	9.41	(12.43)	(11.37)	(1.74)
Weighted average number of ordinary shares used in computing net income (loss) per ordinary share				
Basic	162,672,800	174,552,468	198,596,879	198,596,879
Diluted	185,735,200	174,552,468	198,596,879	198,596,879

9F Inc.
SCHEDULE 1—CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(PARENT COMPANY ONLY)
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2020
	RMB	RMB	RMB	US$
Net income (loss)	1,981,804	(2,159,576)	(2,258,895)	(346,191)
Other comprehensive income				
Foreign currency transaction adjustments	84,430	12,126	(97,245)	(14,903)
Unrealized gains (losses) on available-for-sale investments	(1,146)	(99)	—	—
Comprehensive Income (Loss)	**2,065,088**	**(2,147,549)**	**(2,356,140)**	**(361,094)**

9F Inc.
SCHEDULE 1—CONDENSED STATEMENTS of CASH FLOW
(PARENT COMPANY ONLY)
(Amounts in thousands except for number of shares and per share data, or otherwise noted)

	Year ended December 31, 2018 RMB	Year ended December 31, 2019 RMB	Year ended December 31, 2020 RMB	Year ended December 31, 2020 US$
Cash Flows from Operating Activities:				
Net income (loss)	1,981,804	(2,159,576)	(2,258,895)	(346,191)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Equity in earnings (loss) of subsidiaries and VIEs	(2,495,935)	1,777,756	1,855,047	284,298
Share-based compensation expense	508,162	353,151	290,630	44,541
Impairment loss of equity securities without readily determinable fair value	—	20,725	97,892	15,003
Gain from disposal of equity securities without readily determinable fair value	—	(6,057)	—	—
Changes in operating assets and liabilities:				
Other receivables	—	(377)	—	—
Prepaid expenses and other assets	(550)	(8,020)	6,667	1,022
Accrued expense and other liabilities	3,551	(3,551)	5,901	904
Amounts due to subsidiaries and VIEs	(43)	9,659	(147)	(23)
Amounts due from subsidiaries and VIEs	(707,308)	131,387	45,654	6,997
Net cash provided by (used in) operating activities	(710,319)	115,097	42,749	6,552
Cash Flows from Investing Activities:				
Investment in subsidiaries	—	(69,149)	18,774	2,877
Loan to related parties	(137,510)	—	(97,515)	(14,945)
Proceeds from repayment of related parties	—	138,163	—	—
Disposal of long-term investments	—	8,289	—	—
Net cash provided by (used in) investing activities	(137,510)	77,303	(72,840)	(11,163)
Cash Flows from Financing Activities:				
Proceeds from exercise of share options	—	—	—	—
Proceeds from convertible redeemable preferred shares	544,785	—	—	—
Net proceeds from initial public offering and from exercising the over—allotment option by the underwriters(net of issuance cost of RMB31,776)	—	463,065	—	—
Net cash provided by financing activities	544,785	463,065	—	—
Effect of exchange rate changes	87,448	13,173	(122,247)	18,735
Net increase (decrease) in cash and cash equivalents	(215,596)	668,638	(152,338)	(23,347)
Cash and cash equivalents at beginning of year	361,047	145,451	814,089	124,765
Cash and cash equivalents at end of year	145,451	814,089	661,751	101,418

9F Inc.

SCHEDULE 1— NOTES TO CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY (PARENT COMPANY ONLY)

1. Schedule I has been provided pursuant to the requirements of Rule 12-04 and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

2. The condensed financial information of 9F Inc. has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries, VIE and the VIEs subsidiaries.

3. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Group and, as such, these statements should be read in conjunction with the notes to the Consolidated Financial Statements of the Group. No dividends were paid by the Group’s subsidiaries to their parent company in 2018, 2019 and 2020.

4. As of December 31, 2020, there were no material contingencies, significant provisions of long-term obligations, and mandatory dividend or redemption requirements of redeemable shares or guarantees of the Group, except for those which have been separately disclosed in the Consolidated Financial Statements, if any.

Exhibit 4.5

Master Exclusive Service Agreement

This Master Exclusive Service Agreement (this **"Agreement"**) is made and entered into by and between the following parties on [Execution Date] in Beijing, the People's Republic of China (**"China"** or the **"PRC"**):

Party A: **[Name of WFOE]**
Address: [WFOE's Address]

Party B: **[Name of VIE]**
Address: [VIE's Address]

Each of Party A and Party B shall be hereinafter referred to as a **"Party"** respectively, and as the **"Parties"** collectively.

WHEREAS,

1. Party A is a wholly foreign owned enterprise established in China, and has the necessary resources to provide technical and consulting services;

2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in consulting and service business by relevant PRC government authorities. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the "Principal Business";

3. Party A is willing to provide Party B with technical support, consulting services and other services on exclusive basis in relation to the Principal Business during the term of this Agreement, utilizing its advantages in technology, human resources, and information, and Party B is willing to accept such services provided by Party A or Party A's designee(s), each on the terms set forth herein.

NOW, THEREFORE, through mutual discussion, the Parties have reached the following agreements:

1. Services Provided by Party A

1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support, consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:

(1) Licensing Party B to use any software legally owned by Party A;

(2) Development, maintenance and update of software involved in Party B's business;

(3) Design, installation, daily management, maintenance and updating of network system, hardware and database;

(4) Technical support and training for employees of Party B;

(5) Assisting Party B in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under PRC law);

(6) Providing business management consultation for Party B;

(7) Providing marketing and promotion services for Party B;

(8) Providing customer order management and customer services for Party B;

(9) Leasing of equipments or properties; and

(10) Other services requested by Party B from time to time to the extent permitted under PRC law.

1.2 Party B agrees to accept all the services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the services under this Agreement.

1.3 Service Providing Methodology

1.3.1 Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.

1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into equipment or property leases with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.

1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under PRC law, at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. The Calculation and Payment of the Service Fees

2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:

2.1.1 As requested by Party A, Party B shall pay service fee to Party A in each month. Party A may determine and adjust the service fee at its sole discretion by considering the following factors and with reference to the working capital requirements of Party B. Party B shall accept such determination and adjustments.

(1) Complexity and difficulty of the services provided by Party A;

(2) Title of and time consumed by employees of Party A providing the services;

(3) Contents and value of the services provided by Party A;

(4) Market price of the same type of services;

(5) Operation conditions of the Party B.

2.1.2 On the premise of complying with the PRC law, Party A agrees that, during the term of this agreement, it is entitled to and responsible for all economic benefits and risks derived by Party B. If any operating loss or critical operation adversity occurs in Party B, Party A shall provide financial support to Party B, and only Party A can decide whether Party B should continue its operation and Party B shall unconditionally accept and execute the decision made by Party A as aforesaid.

2.1.3 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipments or properties to Party B, the technology transfer price, development fees or rent shall be determined by the Parties based on the actual situations.

3. Intellectual Property Rights and Confidentiality Clauses

3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

4. Representations and Warranties

4.1 Party A hereby represents, warrants and covenants as follows:

4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.

4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.

4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, enforceable against it in accordance with its terms.

4.2 Party B hereby represents, warrants and covenants as follows:

4.2.1 Party B is a company legally established and validly existing in accordance with the laws of China and has obtained and will maintain all permits and licenses for engaging in the Principal Business in a timely manner.

4.2.2 Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.

4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. Term of Agreement

5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.

5.2 During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.

5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. Governing Law and Resolution of Disputes

6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.

6.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. Breach of Agreement and Indemnification

7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.

7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.

7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant to this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. Force Majeure

8.1 In the case of any force majeure events (**"Force Majeure"**) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.

8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavors to minimize the consequences of such Force Majeure.

9. Notices

9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: **[Name of WFOE]**

Address: [WFOE's Address]

Attn:

Phone:

Party B: **[Name of VIE]**

Address: [VIE's Address]

Attn:

Phone:

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

12. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

13. Language and Counterparts

This Agreement is written in both Chinese and English language in two copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and English version, the Chinese version shall prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Master Exclusive Service Agreement as of the date first above written.

Party A: [Name of WFOE]

By: _____
Name:
Title:

Party B: [Name of VIE]

By: _____
Name:
Title:

[Signature Page to Master Exclusive Service Agreement]

Schedule of Material Differences

Five VIE entities as set out below entered into master exclusive service agreement with WFOEs using this form, respectively. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of Variable Interest Entity (the "VIE")	Name of WFOE	Execution Date
1	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	August 25, 2014
2	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	August 25, 2014
3	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	March 4, 2021
4	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Zhuhai Wukong Youpin Technology Co., Ltd.	February 28, 2021
5	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	April 20, 2020

Exclusive Option Agreement

This Exclusive Option Agreement (this "**Agreement**") is executed by and among the Parties below as of [Execution Date] in Beijing, the People's Republic of China ("**China**" or the "**PRC**"):

Party A: **[Name of the Registrant]**
Address: [Address of the Registrant]

Party B: **[Name of the VIE Shareholder]**
ID No.:

Party C: **[Name of the VIE]**
Address: [Address of the VIE]

Party D: **[Name of the WFOE]**
Address: [Address of the WFOE]

In this Agreement, each of Party A, Party B, Party C and Party D shall be referred to as a **"Party"** respectively, and they shall be collectively referred to as the **"Parties"**.

WHEREAS:

1. Party A is a company established in the Cayman Islands and holds 100% of the equity interests of Party D.

2. Party B is a shareholder of Party C and as of the date hereof holds [●]% of the equity interests of Party C, representing RMB[●] in the registered capital of Party C.

3. Party D entered into an equity interest pledge agreement (the "**Party B's Equity Interest Pledge Agreement**") and a proxy agreement and power of attorney (the "**Party B's Power of Attorney**") with Party B and Party C on the execution date of this Agreement; Party D entered into a loan agreement (the "**Loan Agreement**") with Party B on the execution date of this Agreement.

4. Party B agrees to grant Party A an exclusive right through this Agreement, and Party A agrees to accept such exclusive right to purchase all or part of equity interest held by Party B in Party C.

NOW, THEREFORE, through consultation and negotiation, the Parties have reached the following agreement:

1. SALE AND PURCHASE OF EQUITY INTEREST

1.1 Option Granted

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "**Designee**") to purchase, the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "**Equity Interest Purchase Option**"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests in Party C held by Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

1.2.1 Concurrently with the execution of this Agreement, Party B shall execute and deliver to Party A one equity interest transfer agreement in the format set forth in Exhibit 1 attached hereto.

1.2.2 Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "**Equity Interest Purchase Notice**"), specifying: (a) Party A's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the "**Optioned Interests**"); and (c) the date for purchasing the Optioned Interests. Party B and Party C shall furnish all materials and documents necessary for the registration of the said share transfer within seven (7) days after the date of Equity Interest Purchase Notice.

1.3 Equity Interest Purchase Price

The purchase price of the purchased price of the Optioned Interests (the "**Base Price**") shall be RMB[•]. If PRC law requires a minimum price higher than the Base Price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "**Equity Interest Purchase Price**").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option by Party A:

1.4.1 Party C shall and Party B shall cause Party C to promptly convene a shareholders meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interests to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;

1.4.3 If at the time of exercising the Equity Interest Purchase Option, more than one shareholder hold equity interests in Party C, each of Party B and Party C shall cause such other shareholders to provide their written consent to the transfer of the Optioned Interests to Party A and/or the Designee(s) and to waive any preemptive right related thereto;

1.4.4 Party B shall execute an equity interest transfer agreement with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Notice regarding the Optioned Interests and the format set forth in Exhibit 1 attached hereto;

1.4.5 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.

1.5 Payment of the Equity Interest Purchase Price

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party D in accordance with the Loan Agreement. Accordingly, if Party A designates Party D as the Designee, upon exercise of the Equity Interest Purchase Option, Party D may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party D, in which case Party A or Party D shall not be required to pay any additional purchase price to Party B, unless the Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with the applicable laws and regulations.

2. COVENANTS

2.1 Covenants regarding Party C

Party B (as a shareholder of Party C) and Party C hereby covenant as follows:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;

2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;

2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

2.1.5 They shall always operate all of Party C's businesses within the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;

2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB500,000 shall be deemed a major contract);

2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;

2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;

2.1.9 If requested by Party A, Party C shall procure and maintain, at its own cost, insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;

2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;

2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as directors of Party C;

2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquated without prior written consent by Party A.

2.2 Other Covenants

Party B hereby covenants as follows:

2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Equity Interest Pledge Agreement;

2.2.2 Party B shall cause the shareholders' meeting and/or the board of directors of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.3 Party B shall cause the shareholders' meeting or the board of directors of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;

2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;

2.2.5 Party B shall cause the shareholders' meeting or the board of directors of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

2.2.7 Party B shall appoint any designee of Party A as director of Party C, at the request of Party A;

2.2.8 Party B hereby waives its right of first refusal in regards to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the share pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney, and undertakes not to take any actions in conflict with such documents executed by the other shareholders;

2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation or proceeds from transferring equity interest held by Party B in Party C to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws; and

2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by Party B and Party C with Party D, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement among the same parties hereto or under Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. REPRESENTATIONS AND WARRANTIES

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer agreements to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "**Transfer Contract**"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into equity interest transfer agreements in the format set forth in Exhibit 1 attached hereto upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the equity interest transfer agreements constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement;

3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement, Party B has not placed any security interest on such equity interests;

3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;

3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and

3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. EFFECTIVE DATE AND TERM

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. GOVERNING LAW AND RESOLUTION OF DISPUTES

5.1 Governing Law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within thirty (30) days after any Party's request to the other Parties for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

6. TAXES AND FEES

Each Party shall pay any and all transfer and registration taxes, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. NOTICES

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: **[Name of the Registrant]**
Address: [Address of the Registrant]
Attn:
Phone:

Party B: **[Name of the VIE Shareholder]**
Address: [Address of the VIE Shareholder]
Phone:

Party C: **[Name of the VIE]**
Address: [Address of the VIE]
Attn:
Phone:

Party D: **[Name of the WFOE]**
Address: [Address of the WFOE]
Attn:
Phone:

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. CONFIDENTIALITY

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

9. FURTHER WARRANTIES

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. BREACH OF AGREEMENT

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. MISCELLANEOUS

11.1 Amendments, Changes and Supplements

Any amendments and supplements to this Agreement shall be made in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

11.2 Entire Agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in four copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 7, 8 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party A: [Name of the Registrant]

By: _____
Name:
Title:

Party B: [Name of the VIE Shareholder]

By: _____

Party C: [Name of the VIE]

By: _____
Name:
Title:

[Signature Page to Exclusive Option Agreement]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

Party D: [Name of the WFOE]

By: _____
Name:
Title:

[Signature Page to Exclusive Option Agreement]

Exhibit 1

Share Transfer Agreement

This Equity Interest Transfer Agreement (this "**Agreement**") is entered into in Beijing, China on [Execution Date] (the "**Effective Date**") by:

Transferor: [Name of the VIE Shareholder]

Transferee:

NOW, the Parties agree as follows concerning the share transfer:

1. The Transferor agrees to transfer to the transferee % of the equity interests of [Name of the VIE] (the "**Company**") held by the Transferor, representing RMB in the registered capital of the Company, and the Transferee agrees to accept said equity interests.

2. After the closing of such equity interest transfer, the Transferor shall not have any rights or obligations as a shareholder with regard to the transferred equity interests, and the Transferee shall have such rights and obligations as a shareholder of the Company.

3. Any matter not covered by this Agreement may be determined by the Parties by way of signing supplementary agreements.

4. This Agreement shall be effective from the Effective Date first written above.

5. This Agreement is executed in four copies, with each party holding one copy. The other copies are made for the purpose of going through business registration of such change.

[*Signature Page Follows*]

Transferor: [Name of the VIE Shareholder]

Signature: _____
Date:

Transferee:

Signature: _____
Date:

[Signature Page to Share Transfer Agreement]

Schedule of Material Differences

The VIE Shareholders and the VIEs as set out below entered into exclusive option agreement with the Registrant and WFOEs using this form, respectively. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of VIE Shareholder	Name of Variable Interest Entity (the "VIE")	Name of WFOE	Version of Exclusive Option Agreement	% of VIE Shareholder's Equity Interest in the VIE	Base Price	Execution Date
1	Lijun Zhang	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Exclusive Option Agreement	8.8%	RMB17,600,000	August 28, 2020
2	Zhuhai Hengqin Zhilue Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Exclusive Option Agreement	33.2%	RMB64,400,000	August 28, 2020

3	Yifan Ren	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	48%	RMB3,150,000	August 28, 2020

4	Zhuhai Hengqin Saixing Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Exclusive Option Agreement	10%	RMB20,000,000	August 28, 2020

5	Lei Liu	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	27.5%	RMB27,500	May 21, 2020

6	Dongcheng Zhang	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	0.83%	RMB833	May 21, 2020

7	Changxing Xiao	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	20.83%	RMB20,833	May 21, 2020

8	Lixing Chen	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	27.67%	RMB27,668	May 21, 2020

9	Lei Sun	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Exclusive Option Agreement	23.17%	RMB23,166	May 21, 2020

10	Haigen Zhou	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Exclusive Option Agreement	60%	RMB600,000	March 4, 2021
11	Jianbo Cai	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Exclusive Option Agreement	40%	RMB400,000	March 4, 2021
12	Tianjin Yuying Enterprise Management and Consulting Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Exclusive Option Agreement	55%	RMB5,500,000	February 28, 2021
13	Zhuhai Hengqin Yunchuang Investment Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Exclusive Option Agreement	45%	RMB4,500,000	February 28, 2021
14				**Reserved**			
15	Cen Chen	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Exclusive Option Agreement	10%	RMB100,000	May 28, 2020
16	Yu Han	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Exclusive Option Agreement	90%	RMB900,000	August 21, 2020

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "**Agreement**") has been executed by and among the following parties on [Execution Date] in Beijing, the People's Republic of China ("**China**" or the "**PRC**"):

Party A: **[Name of the WFOE]** (hereinafter "**Pledgee**"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at [●];

Party B: **[Name of the VIE Shareholder]** (hereinafter "**Pledgor**"), a Chinese citizen with Chinese Identification No.: [●]; and

Party C: **[Name of the VIE]**, a limited liability company organized and existing under the laws of the PRC, with its address at [●].

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "**Party**" respectively, and they shall be collectively referred to as the "**Parties**".

Whereas:

1. Pledgor is a Chinese citizen and holds [•]% of equity interests of Party C, representing RMB[•] in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in consulting and service business. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. Pledgee is a wholly foreign owned enterprise registered in China. Pledgee and Party C which is partially owned by Pledgor have executed a Master Exclusive Service Agreement (as defined below) in Beijing; Pledgor, Pledgee, Party C and Pledgee's parent company, [Name of the Parent Company], have executed an Exclusive Option Agreement (as defined below); Pledgor, Pledgor and Party C has executed a Power of Attorney (as defined below) in favor of Pledgee; and Pledgee and Pledgor have executed a Loan Agreement (as defined below);

3. To ensure that Party C and Pledgor fully perform their obligations under the Master Exclusive Service Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Master Exclusive Service Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms.

1. DEFINITIONS

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.

1.2 Equity Interest: shall refer to [●]% equity interests in Party C currently held by Pledgor, representing RMB[●] in the registered capital of Party C, and all of the equity interest hereafter acquired by Pledgor in Party C.

1.3 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.4 Transaction Documents: shall refer to the Master Exclusive Service Agreement executed by and between Party C and Pledgee on [Execution Date] (the "**Master Exclusive Service Agreement**"), the Exclusive Option Agreement executed by and among Pledgor, Pledgee, Party C and Pledgee's parent company, [Name of the Parent Company], on [Execution Date] (the "**Exclusive Option Agreement**"), the Loan Agreement executed on [Execution Date] by Pledgor and Pledgee, the Proxy Agreement and Power of Attorney executed on [Execution Date] by Pledgor, Pledgee and Party C (the "**Power of Attorney**") and any modification, amendment and restatement to the aforementioned documents.

1.5 Contract Obligations: shall refer to all the obligations of Pledgor to Pledgee under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C to Pledgee under the Master Exclusive Service Agreement, the Exclusive Option Agreement and this Agreement.

1.6 Secured Indebtedness: shall refer to all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Master Exclusive Service Agreement, all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc..

1.7 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. <u>THE PLEDGE</u>

2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be, as required by Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.

2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

3. TERM OF PLEDGE

3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "**AIC**"). The Pledge shall be continuously valid until the Master Exclusive Service Agreement, the Exclusive Option Agreement and the Power of Attorney expire or terminate. The parties agree that within 3 business days following the execution of this Agreement, Pledgor and Party C shall register the Pledge in the shareholders' register of Party C, and within 10 business days after the competent AIC has formally begun accepting applications for the registration of equity interest pledge, Pledgor and Party C shall submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC within 20 business days after filing (or such other time period normally required by the relevant AIC).

3.2 During the Term of Pledge, in the event Party C fails to perform the Contract Obligations or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to dispose of the Pledge in accordance with the provisions of this Agreement.

4. CUSTODY OF RECORDS FOR EQUITY INTEREST SUBJECT TO PLEDGE

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

5. REPRESENTATIONS AND WARRANTIES OF PLEDGOR AND PARTY C

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

6. COVENANTS OF PLEDGOR AND PARTY C

6.1 During the term of this Agreement, Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for payment of the service fees under the Master Exclusive Service Agreement, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

7. EVENT OF DEFAULT

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and/or Party C delivers a notice to the Pledgor requesting rectification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor immediately pay all outstanding payments due under the Master Exclusive Service Agreement and all other payments due to Pledgee, and/or dispose of the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. EXERCISE OF PLEDGE

8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge concurrently with the issuance of the Notice of Default in accordance with Section 8.1 or at any time after the issuance of the Notice of Default. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

8.5 Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.

8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and Pledgor or Party C shall not raise any objection to such exercise.

8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. BREACH OF AGREEMENT

9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

10. ASSIGNMENT

10.1 Without Pledgee’s prior written consent, Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.

10.2 This Agreement shall be binding on Pledgor and his/her successors and permitted assigns, and shall be valid with respect to Pledgee and each of his/her successors and assigns.

10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Master Exclusive Service Agreement to its designee(s) (natural/legal persons), in which case the designee shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement. When the Pledgee assigns the rights and obligations under the Master Exclusive Service Agreement, upon the Pledgee’s request, the Pledgor shall execute relevant agreements or other documents relating to such assignment.

10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

11. TERMINATION

11.1 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

12. HANDLING FEES AND OTHER EXPENSES

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

13. CONFIDENTIALITY

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

14. GOVERNING LAW AND RESOLUTION OF DISPUTES

14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC.

14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after any Party's request to the other Parties for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

15. NOTICES

15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

Party A: **[Name of the WFOE]**
Address: [●]
Attn: [●]
Phone: [●]

Party B: **[Name of the VIE Shareholder]**
Address: [●]
Phone: [●]

Party C: **[Name of the VIE]**
Address: [●]
Attn: [●]
Phone: [●]

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

16. SEVERABILITY

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. ATTACHMENTS

The attachments set forth herein shall be an integral part of this Agreement.

18. EFFECTIVENESS

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

19. LANGUAGE AND COUNTERPARTS

This Agreement is written in Chinese and English in three copies. Pledgor, Pledgee and Party C shall hold one copy respectively. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

Party A: [Name of the WFOE]

By: _____
Name:
Title:

Party B: [Name of the VIE Shareholder]

By: _____

Party C: [Name of the VIE]

By: _____
Name:
Title:

[Signature Page to Equity Interest Pledge Agreement]

Attachments:

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Master Exclusive Service Agreement;
4. Exclusive Option Agreement;
5. Loan Agreement;
6. Proxy Agreement and Power of Attorney.

Schedule of Material Differences

The VIE Shareholders and the VIEs as set out below entered into equity interest pledge agreement with the WFOEs using this form, respectively. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of VIE Shareholder	Name of Variable Interest Entity (the "VIE")	Name of WFOE	Version of Equity Interest Pledge Agreement	% of VIE Shareholder's Equity Interest in the VIE	% of VIE Shareholder's Pledged Equity Interest in the VIE	Execution Date
1	Lijun Zhang	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Equity Interest Pledge Agreement	8.8%	8.8% and all of the equity interest hereafter acquired by Pledgor in Party C	August 28, 2020
2	Zhuhai Hengqin Zhilue Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Equity Interest Pledge Agreement	33.2%	33.2% and all of the equity interest hereafter acquired by Pledgor in Party C	August 28, 2020

3	Yifan Ren	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	48%	48% and all of the equity interest hereafter acquired by Pledgor in Party C	August 28, 2020

4	Zhuhai Hengqin Saixing Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Equity Interest Pledge Agreement	10%	10% and all of the equity interest hereafter acquired by Pledgor in Party C	August 28, 2020

5	Lei Liu	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	27.5%	27.5% and all of the equity interest hereafter acquired by Pledgor in Party C	May 21, 2020

6	Dongcheng Zhang	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	0.83%	0.83% and all of the equity interest hereafter acquired by Pledgor in Party C	May 21, 2020

7	Changxing Xiao	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	20.83%	20.83% and all of the equity interest hereafter acquired by Pledgor in Party C	May 21, 2020

8	Lixing Chen	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	27.67%	27.67% and all of the equity interest hereafter acquired by Pledgor in Party C	May 21, 2020

9	Lei Sun	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Equity Interest Pledge Agreement	23.17%	23.17% and all of the equity interest hereafter acquired by Pledgor in Party C	May 21, 2020

10	Haigen Zhou	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Equity Interest Pledge Agreement	60%	60% and all of the equity interest hereafter acquired by Pledgor in Party C	March 4, 2021
11	Jianbo Cai	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Equity Interest Pledge Agreement	40%	40% and all of the equity interest hereafter acquired by Pledgor in Party C	March 4, 2021
12	Tianjin Yuying Enterprise Management and Consulting Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	55%	55% and all of the equity interest hereafter acquired by Pledgor in Party C	February 28, 2021
13	Zhuhai Hengqin Yunchuang Investment Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	45%	45% and all of the equity interest hereafter acquired by Pledgor in Party C	February 28, 2021
14	**Reserved**						
15	Cen Chen	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Equity Interest Pledge Agreement	10%	10% and all of the equity interest hereafter acquired by Pledgor in Party C	May 28, 2020
16	Xiaomin Wang	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Equity Interest Pledge Agreement	90%	90% and all of the equity interest hereafter acquired by Pledgor in Party C	April 20, 2020

Exhibit 4.8

Proxy Agreement and Power of Attorney

This Proxy Agreement and Power of Attorney (this "**Agreement**") is entered into in Beijing, the People's Republic of China ("**China**" or the "**PRC**") as of [Execution Date] by and among the following parties:

Party A: **[Name of the WFOE]**
Address: [●]

Party B: **[Name of the VIE Shareholder]**
ID No.: [●]

Party C: **[Name of the VIE]**
Address: [●]

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "**Party**" respectively, and they shall be collectively referred to as the "**Parties**".

RECITALS

WHEREAS:

1. Party B is a shareholder of Party C and as of the date hereof holds [●]% of the equity interests of Party C, representing RMB[●] in the registered capital of Party C.

2. Party A and its affiliate(s), Party B and Party C have entered into a series of contractual arrangements, including a master exclusive service agreement, an exclusive option agreement and equity interest pledge agreements.

3. As the consideration for Party A and its affiliates to provide Party C with services necessary for its business operation, Party A has requested Party B to appoint Party A (as well as its successors, including a liquidator, if any, replacing Party A) as its attorney-in-fact ("**Attorney-in-Fact**"), with full power of substitution, to exercise any and all of the rights in respect of Party B's shares in Party C and Party B has agreed to make such appointment.

NOW, **THEREFORE**, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

AGREEMENT

Section 1

Party B hereby **irrevocably** nominates, appoints and constitutes Party A (as well as its successors, including a liquidator, if any, replacing Party A) as its Attorney-in-Fact to exercise on Party B's behalf any and all rights that Party B has in respect of Party B's shares in Party C conferred by relevant laws and regulations and the articles of association of Party C, including without limitation, the following rights (collectively, "**Shareholder Rights**"):

(a) to call and attend shareholders' meetings of Party C;

(b) to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such Party B;

(c) to vote by itself or by proxy on any matters discussed on shareholders' meetings of Party C, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Party C;

(d) to sell, transfer, pledge or dispose of any or all of the shares in Party C;

(e) to nominate, appoint or remove the legal representative, directors, supervisors and senior management of Party C when necessary;

(f) to oversee the economic performance of Party C;

(g) to have full access to the financial information of Party C at any time;

(h) to file any shareholder lawsuits or take other legal actions against Party C's directors or senior management members when such directors or members are acting to the detriment of the interest of Party C or its shareholder(s);

(i) to approve annual budgets or declare dividends;

(j) to manage and dispose of the assets of Party C;

(k) to have the full rights to control and manage Party C's finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);

(l) to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and

(m) any other rights conferred to Party B by the articles of association of Party C and/or the relevant laws and regulations on the shareholders.

Party B further agrees and undertakes that without the Attorney-in-Fact's prior written consent, it shall not exercise any of the Shareholder Rights.

Section 2

The Attorney-in-Fact has the right to appoint, at its sole discretion, a substitute or substitutes to perform any or all of its rights of the Attorney-in-Fact under this Agreement, and to revoke the appointment of such substitute or substitutes.

Section 3

Party C confirms, acknowledges and agrees to the appointment of the Attorney-in-Fact to exercise any and all of the Shareholder Rights. Party C further confirms and acknowledges that any and all acts done or to be done, decisions made or to be made, and instruments or other documents executed or to be executed by the Attorney-in-Fact, shall therefore be as valid and effectual as though done, made or executed by Party B.

Section 4

(n) Party B hereby acknowledges that, if Party B increases its equity interest in Party C, whether by subscribing additional equity interest or otherwise, any Shareholder Rights in connection with such additional equity interest acquired by Party B shall be automatically subject to this Agreement and the Attorney-in-Fact shall have the right to exercise the Shareholder Rights with respect to such additional equity interest on behalf of Party B as described in Section 1 hereunder; if Party B's share in Party C is transferred to any other party, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, any such equity interest in Party C so transferred remains subject to this Agreement and the Attorney-in-Fact shall continue to have the right to exercise the Shareholder Rights with respect to such equity interest in Party C so transferred as described in Section 1 hereunder.

(o) Furthermore, for the avoidance of any doubt, if any documents, such as an equity interest transfer agreement, are required to be signed for Party B to fulfill his/her obligations under any exclusive option agreement and equity interest pledge agreement(s) that Party B enters into with Party A or its affiliate(s) (as the same may be amended from time to time), the Attorney-in-Fact shall have the right to sign such documents and perform all shareholder obligations under the exclusive option agreement and the equity interest pledge agreement(s) on behalf of Party B. If required by the Attorney-in-Fact, Party B shall sign any documents and fix the chops and/or seals thereon and Party B shall take any other actions as necessary for purposes of consummation of the aforesaid share transfer.

Section 5

Party B further covenants with and undertakes to Party A that, if Party B receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interest as a result of, or in connection with, Party B's equity interest in Party C, Party B shall, to the extent permitted by applicable laws, remit all such dividends, interest, capital distributions, assets, proceeds or consideration to Party A or the entity designated by Party A without any compensation.

Section 6

Party B hereby authorizes the Attorney-in-Fact to exercise the Shareholder Rights according to its own judgment without any oral or written instruction from Party B. Party B undertakes to ratify any acts which the Attorney-in-Fact or any substitutes or agents appointed by the Attorney-in-Fact may lawfully do or cause to be done pursuant to this Agreement.

Section 7

This Agreement shall become effective as of the date hereof when it is duly executed by the Parties' authorized representatives and shall remain effective as long as Party C exists. Party B shall not have the right to terminate this Agreement or revoke the appointment of the Attorney-in-Fact without the prior written consent of Party A. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assigns.

Section 8

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

Section 9

This Agreement shall be construed in accordance with and governed by the laws of China.

Section 10

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Beijing Arbitration Commission for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Beijing. The arbitral tribunal or the arbitrators shall have the authority to award any remedy or relief in accordance with the terms of this Agreement and applicable PRC laws, including provisional and permanent injunctive relief (such as injunctive relief with respect to the conduct of business or to compel the transfer of assets), specific performance of any obligation created hereunder, remedies over the shares or assets of Party C and winding up orders against Party C. The arbitral award shall be final and binding upon all Parties.

To the extent permitted under applicable PRC laws, each of the Parties shall have the right to seek interim injunctive relief or other interim relief from a court of competent jurisdiction in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances. For this purpose, the Parties agree that, to the extent not against applicable laws, the courts of the Cayman Islands, the courts of PRC and the courts of the places where the principal assets of Party C are located, shall all be deemed to have jurisdiction.

Section 11

Either Party shall forthwith on demand indemnify the other Party against any claim, loss, liability or damage ("**Loss**") which such Party shall incur as a consequence of any breach by the other Party of this Agreement provided that neither Party shall be liable to indemnify the other Party for any Loss to the extent that such Loss arises from the willful misconduct, breach of applicable law, regulation or contractual obligation or from the material negligence of the other Party or its directors, officers, employees, or agents. The Parties agree that this clause shall survive the termination or expiration of this Agreement.

Section 12

This Agreement may be executed in one or more counterparts. All originals shall have the same legal effect.

Section 13

Both Chinese and English versions of this Agreement shall have equal validity. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

Party A:[Name of the WFOE]

By: _____
Name:
Title:

Party B:[Name of the VIE Shareholder]

By: _____

Party C:[Name of the VIE]

By: _____
Name:
Title:

[Signature Page to Proxy Agreement and Power of Attorney]

Schedule of Material Differences

The VIE Shareholders and the VIEs as set out below entered into proxy agreement and power of attorney with the WFOEs using this form, respectively. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of VIE Shareholder	Name of Variable Interest Entity (the "VIE")	Name of WFOE	Version of Proxy Agreement and Power of Attorney	% of VIE Shareholder's Equity Interest in the VIE	Execution Date
1	Lijun Zhang	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Proxy Agreement and Power of Attorney	8.8%	August 28, 2020
2	Zhuhai Hengqin Zhilue Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Proxy Agreement and Power of Attorney	33.2%	August 28, 2020
3	Yifan Ren	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	48%	August 28, 2020

4	Zhuhai Hengqin Saixing Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	Proxy Agreement and Power of Attorney	10%	August 28, 2020

5	Lei Liu	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	27.5%	May 21, 2020

6	Dongcheng Zhang	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	0.83%	May 21, 2020
7	Changxing Xiao	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	20.83%	May 21, 2020

8	Lixing Chen	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	27.67%	May 21, 2020
9	Lei Sun	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	Amended and Restated Proxy Agreement and Power of Attorney	23.17%	May 21, 2020

10	Haigen Zhou	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	60%	March 4, 2021
11	Jianbo Cai	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	40%	March 4, 2021
12	Tianjin Yuying Enterprise Management and Consulting Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	55%	February 28, 2021
13	Zhuhai Hengqin Yunchuang Investment Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	Proxy Agreement and Power of Attorney	45%	February 28, 2021
14	**Reserved**					
15	Cen Chen	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Proxy Agreement and Power of Attorney	10%	May 28, 2020
16	Yu Han	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	Proxy Agreement and Power of Attorney	90%	Augugst 21, 2020

Exhibit 4.9

Loan Agreement

This Loan Agreement (this "**Agreement**") is made and entered into by and between the parties below as of [Execution Date] in Beijing, China:

(1) **[Name of the WFOE]** ("**Lender**"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at [●];

(2) **[Name of the VIE Shareholder]** ("**Borrower**"), a citizen of China with Chinese Identification No.: [●].

Each of the Lender and the Borrower shall be hereinafter referred to as a "**Party**" respectively, and as the "**Parties**" collectively.

Whereas:

1. As of the date hereof, Borrower holds [●]% of equity interests in [**Name of VIE**] (the "**Borrower Company**"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;

2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB[●] that has been used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

1 <u>Loan</u>

1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower obtained from Lender a loan in the amount of RMB[●] (the "**Loan**"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan:

1.1.1 if 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 in the event of Borrower's death, lack or limitation of civil capacity;

1.1.3 if Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

1.1.4 if Borrower engages in criminal act or is involved in criminal activities;

1.1.5 if under the applicable laws of China, foreign investors are permitted to invest in the principle business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender's parent company, [9F Inc./JIUFU Financial Technology Service Limited] exercises the exclusive option under the Exclusive Option Agreement (the "**Exclusive Option Agreement**") described in this Agreement.

1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.

1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby acknowledges and warrants that he has used the Loan to increase the registered capital of Borrower Company.

1.4 Lender and Borrower hereby agree and acknowledge that the Loan shall be repaid as follows: Borrower shall transfer the Borrower Equity Interest in whole to [9F Inc./JIUFU Financial Technology Service Limited]. or any person(s) (legal or natural persons) designated by [9F Inc./JIUFU Financial Technology Service Limited]. pursuant to the Exclusive Option Agreement, and use any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) to repay the Loan to Lender in accordance with this Agreement and in the manner designated by Lender.

1.5 The Parties hereby agree that the Loan shall be interest free unless otherwise agreed in this Agreement. When Borrower transfers the Borrower Equity Interest to [9F Inc./JIUFU Financial Technology Service Limited]. or any person(s) designated by [9F Inc./JIUFU Financial Technology Service Limited], if the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, to the extent permitted by law, the amount exceeding the principal shall be deemed as the interest of the Loan under this Agreement payable by Borrower to Lender.

2 Representations and Warranties

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

3 Borrower's Covenants

3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement, the Master Exclusive Service Agreementand and the Proxy Agreement and Power of Attorney to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Master Exclusive Service Agreement.

3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;

3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;

3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;

3.2 Borrower covenants that during the term of this Agreement, he shall:

3.2.1 endeavor to keep Borrower Company to engage in its principle businesses;

3.2.2 abide by the provisions of this Agreement, the Proxy Agreement and Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Proxy Agreement and Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Proxy Agreement and Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;

3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;

3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;

3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;

3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;

3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;

3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;

3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

3.2.12 in the event that [9F Inc./JIUFU Financial Technology Service Limited] purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and

3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

4 Liability for Default

4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

4.2 Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.

4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

5 Notices

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

Lender: **[Name of the WFOE]**
Address: [●]
Attn: [●]
Phone: [●]

Borrower: **[Name of the VIE Shareholder]**
Address: [●]
Phone: [●]

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

6 Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

7 Governing Law and Resolution of Disputes

7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

8 Miscellaneous

8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.

8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date firs above written.

Lender: [Name of the WFOE]

By: _____
Name:
Title:

Borrower: [Name of the VIE Shareholder]

By: _____

Schedule of Material Differences

The VIE Shareholders as set out below entered into loan agreement with the WFOEs using this form, respectively. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of VIE Shareholder	Name of Variable Interest Entity (the "VIE")	Name of WFOE	% of VIE Shareholder's Equity Interest in the VIE	Loan Amount	Execution Date
1	Lijun Zhang	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	8.8%	RMB17,600,000	June 21, 2019
2	Zhuhai Hengqin Zhilue Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	33.2%	RMB66,400,000	August 28, 2020
3	Yifan Ren	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	23.95% 48%	RMB3,150,000 RMB92,850,000	August 25, 2014 July 2, 2015
4	Zhuhai Hengqin Saixing Investment Partnership Enterprise (Limited Partnership)	Jiufu Shuke Technology Group Co., Ltd. (formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.	10%	RMB20,000,000	August 28,2020
5	Lei Liu	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	5.00% 27.5%	RMB2,500 RMB27,500	August 25, 2014 May 21, 2020
6	Dongcheng Zhang	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	1.67%	RMB833	August 25, 2014

7	Changxing Xiao	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	41.66%	RMB20,833	August 25, 2014
8	Lixing Chen	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	5.33% 27.67%	RMB2,668 RMB27,668	August 25, 2014 May 21, 2020
9	Lei Sun	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.	41.66% 46.33%	RMB20,833 RMB2,333	August 25, 2014 July 27, 2015
10	Haigen Zhou	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	60%	RMB600,000	March 4, 2021
11	Jianbo Cai	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	40%	RMB400,000	March 4, 2021
12	Tianjin Yuying Enterprise Management and Consulting Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	55%	RMB5,500,000	February 28, 2021
13	Zhuhai Hengqin Yunchuang Investment Partnership (Limited Partnership)	Beijing Yi Qi Mai Technology Co., Ltd. (formerly known as Beijing Chaoka Internet Technology Co., Ltd. and Beijing Wu Kong Mao Technology Co., Ltd.)	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	45%	RMB4,500,000	February 28, 2021
14			**Reserved**			
15	Cen Chen	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	10%	RMB100,000	May 28, 2020
16	Yu Han	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.	90%	RMB900,000	August 21, 2020

Exhibit 4.10

Spousal Consent

The undersigned, [Spouse of the VIE Shareholder] (Passport No. [●]), is the lawful spouse of [Name of the VIE Shareholder] (ID card No. [●]). I hereby unconditionally and irrevocably agree to the execution of the following documents (hereinafter referred to as the "**Transaction Documents**") by [Name of the VIE Shareholder] on [Execution Date], and the disposal of the equity interests of [Name of the VIE] (hereinafter referred to as the "**Domestic Company**") held by [Name of the VIE Shareholder] and registered in his name according to the following documents:

(1) Equity Interest Pledge Agreement entered into by and between [Name of the WFOE] (hereinafter referred to as the "**WFOE**") and the Domestic Company on [Execution Date];

(2) Exclusive Option Agreement entered into by and among [Name of the Registrant], the Domestic Company and the WFOE on [Execution Date];

(3) Proxy Agreement and Power of Attorney executed by and between the WFOE and the Domestic Company on [Execution Date];

(4) Loan Agreement entered into with the WFOE on [Execution Date].

I hereby undertake not to make any assertions in connection with the equity interests of the Domestic Company, which are held by [Name of the VIE Shareholder]. I hereby further confirm that [Name of the VIE Shareholder] can perform the Transaction Documents and further amend or terminate the Transaction Documents absent authorization or consent from me.

I hereby undertake to execute all necessary documents and take all necessary actions to ensure appropriate performance of the Transaction Documents (as amended form time to time).

I hereby agree and undertake that if I obtain any equity interests of the Domestic Company, which are held by [Name of the VIE Shareholder] for any reasons, I shall be bound by the Transaction Documents and the Master Exclusive Service Agreement entered into between the WFOE and the Domestic Company as of [Execution Date] (the "**Master Exclusive Service Agreement**") (as amended from time to time) and comply with the obligations thereunder as a shareholder of the Domestic Company. For this purpose, upon the WFOE's request, I shall sign a series of written documents in substantially the same format and content as the Transaction Documents and the Master Exclusive Service Agreement (as amended from time to time).

[*Signature Page Follows*]

Name: [Spouse of the VIE Shareholder]

Date:

Schedule of Material Differences

One or more spousal consent letters using this form were executed. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed letters differ from this form:

No.	Name of VIE Shareholder	Name of Variable Interest Entity (the "VIE")	Name of WFOE
1	Changxing Xiao	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.
2	Lei Sun	Jiufu Shuke Technology Group Co., Ltd.(formerly known as Beijing Jiufu Times Investment Consulting Co., Ltd., Jiufu Internet Finance Holdings Group Co., Ltd., and Jiufu Jinke Holdings Group Co., Ltd., successively)	Beijing Jiufu Lianyin Technology Co., Ltd.
3	Lei Liu	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.
4	Dongcheng Zhang	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.
5	Changxing Xiao	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.
6	Lixing Chen	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.
7	Lei Sun	Beijing Puhui Lianyin Information Technology Co., Ltd.	Beijing Jiufu Lianyin Technology Co., Ltd.
8	Haigen Zhou	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.
9	Jianbo Cai	Shenzhen Fuyuan Network Technology Co., Ltd.	Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.
10		**Reserved**	
11		**Reserved**	
12		**Reserved**	
13	Cen Chen	Zhuhai Huike Lianyin Technology Co., Ltd.	Zhuhai Xiaojin Hulian Technology Co., Ltd.
14		**Reserved**	

9F INC.

2021 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of the 9F Inc. 2021 Share Incentive Plan (the "Plan") is to promote the success and enhance the value of 9F Inc., a company formed under the laws of the Cayman Islands (the "Company"), by linking the personal interests of the members of the Board, Employees, Consultants and other individuals as the Committee may authorize and approve, to those of the Company's shareholders and, by providing such individuals with an incentive for outstanding performance, to generate superior returns to the Company's shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of recipients of share incentives hereunder upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 "Award" means an Option, Restricted Share or Restricted Share Unit award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's Awards) a termination of employment or service based upon a finding by the Service Recipient, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Service Recipient, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Service Recipient; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Service Recipient;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Service Recipient; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Service Recipient or induced a principal for whom the Service Recipient acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Service Recipient first delivers written notice to the Participant of a finding of termination for Cause.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the Board or a committee of the Board described in Article 10.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction", unless otherwise defined in an Award Agreement, means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities.

2.10 "Disability", unless otherwise defined in an Award Agreement, means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not

have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.11 "Effective Date" shall have the meaning set forth in Section 11.1.

2.12 "Employee" means any person, including an officer or a member of the Board of the Company or any Parent or Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.13 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.14 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange, The Nasdaq Stock Market and the Hong Kong Stock Exchange, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value and relevant.

2.15 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.16 "Independent Director" means (i) before the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who is a Non-Employee Director; and (ii) after the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who meets the independence standards under the applicable corporate governance rules of the stock exchange.

2.17 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.18 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.19 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.20 "Participant" means a person who, as a member of the Board, Consultant or Employee, or other individuals as the Committee may authorize and approve, has been granted an Award pursuant to the Plan.

2.21 "Parent" means a parent corporation under Section 424(e) of the Code.

2.22 "Plan" means this 9F Inc. 2021 Share Incentive Plan, as it may be amended from time to time.

2.23 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.24 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.25 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 7 to receive a Share at a future date.

2.26 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.27 "Service Recipient" means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, a Consultant, or a Director.

2.28 "Share" means ordinary shares of the Company, par value US$0.0001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 9.

2.29 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned or controlled directly or indirectly by the Company.

2.30 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 9 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) shall be 20,351,068 ordinary shares of the Company, par value US$0.0001 per share,and an annual increase on the first day of each of the five consecutive fiscal years of the Company commencing with the fiscal year beginning January 1, 2022, by (i) an amount equal to 1.0% of the total number of the then issued and outstanding Shares or (ii) such fewer number of Shares as may be determined by the Board.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax

withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an Incentive Share Option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Those eligible to participate in this Plan include Employees, Consultants, and all members of the Board, and other individuals, as determined, authorized and approved by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides, is employed, operates or is incorporated. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed or variable price related to the Fair Market Value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws or any exchange rule, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 12.1. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

(e) Effects of Termination of Employment or Service on Options. Termination of employment or service shall have the following effects on Options granted to the Participants:

(i) Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service, Options that at that time have not vested shall be forfeited in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any Option Award Agreement that forfeiture conditions relating to Options will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part forfeiture conditions relating to Options.

(ii) Dismissal for Cause. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient is terminated by the Service Recipient for Cause, the Participant's Options will terminate upon such termination, whether or not the Option is then vested and/or exercisable;

(iii) Death or Disability. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates as a result of the Participant's death or Disability, the Participant (or his or her legal representative or beneficiary, in the case of the Participant's Disability or death, respectively), will have the right to exercise the Participant's Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of Employment on account of death or Disability.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company, a Parent or Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(b) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option granted to any

individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company may not be less than 110% of Fair Market Value on the date of grant and such Option may not be exercisable for more than five years from the date of grant.

(c) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(d) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(e) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

6.2 Restricted Shares Award Agreement. Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

6.3 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; *provided*, *however*, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.5 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.6 Removal of Restrictions. Except as otherwise provided in this Article 6, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 6.5 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (in its discretion) may establish procedures regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

ARTICLE 7

RESTRICTED SHARE UNITS

7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.3 Performance Objectives and Other Terms. The Committee, in its discretion, may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of Restricted Share Units that will be paid out to the Participants.

7.4 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, in Shares or in a combination thereof.

7.5 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided*, *however*, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

ARTICLE 8

PROVISIONS APPLICABLE TO AWARDS

8.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

8.2 No Transferability; Limited Exception to Transfer Restrictions.

8.2.1 Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 8.2, by applicable law and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

8.2.2 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 8.2.1 will not apply to:

(a) transfers to the Company or a Subsidiary;

(b) transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;

(c) the designation of a beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution; or

(d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative; or

(e) transfer to one or more natural persons who are the Participant's family members or entities owned and controlled by the Participant and/or the Participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant's family members, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee or may establish.

Notwithstanding anything else in this Section 8.2.2 to the contrary, but subject to compliance with all applicable laws, Incentive Share Options, Restricted Sharesand Restricted Share Units will be subject to any and all transfer restrictions under the Code applicable to such Awards or necessary to maintain the intended tax consequences of such Awards.

8.3 Beneficiaries. Notwithstanding Section 8.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

8.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Shares pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the

settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

8.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

8.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 9

CHANGES IN CAPITAL STRUCTURE

9.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the shares of Shares or the share price of a Share, the Committee, in order to prevent diminution or enlargement of the benefits intended to be made available under the Award, shall make such proportionate adjustments to reflect such change with respect to to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

9.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment),or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

9.3 Outstanding Awards — Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 9, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

9.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class,

shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 10

ADMINISTRATION

10.1 Committee. The Plan shall be administered by the Boardor a committee of one or more members of the Board to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members. Any grant or amendment of Awards to any Committee member shall then require an affirmative vote of a majority of the Board members who are not on the Committee.

10.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members of the Committee present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

10.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) designate Participants to receive Awards;

(b) determine the type or types of Awards to be granted to each Participant;

(c) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any vesting schedule, forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) decide all other matters that must be determined in connection with an Award;

(h) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

10.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 11

EFFECTIVE AND EXPIRATION DATE

11.1 Effective Date. The Plan is effective as of February, 2021 (the "Effective Date") upon adoption by the Board.

11.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 12

AMENDMENT, MODIFICATION, AND TERMINATION

12.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided*, *however*, that (a) to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 9), or (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant.

12.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 12.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 13

GENERAL PROVISIONS

13.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

13.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

13.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by Applicable Laws to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy any income and payroll tax liabilities applicable to the Participant with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of

Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for the applicable income and payroll tax purposes that are applicable to such supplemental taxable income.

13.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or services of any Service Recipient.

13.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

13.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

13.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

13.10 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

13.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by the Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

13.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Actor other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

13.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

13.14 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

13.15 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; provided, however, that no such supplements shall increase the share limitation contained in Section 3.1 of the Plan without the approval of the Board.

Exhibit 8.1

List of Significant Subsidiaries and Consolidated Variable Interest Entities of 9F Inc.

Significant Subsidiaries	Place of Incorporation
Moore Digital Technology Information Service Limited	Hong Kong
Fuyuan Securities Limited	Hong Kong
Beijing Shuzhi Lianyin Technology Co., Ltd.	People's Republic of China
Zhuhai Xiaojin Hulian Technology Co., Ltd.	People's Republic of China
Zhuhai Jiuxin Asset Management Co., Ltd.	People's Republic of China
Zhuhai Wukong Youpin Technology Co., Ltd.	People's Republic of China
Qianhai Fuyuan Network Technology (Shenzhen) Co., Ltd.	People's Republic of China
Beijing Jinniu Zhixuan Technology Co., Ltd.	People's Republic of China

Variable Interest Entities	Place of Incorporation
Jiufu Shuke Technology Group Co., Ltd.	People's Republic of China
Beijing Puhui Lianyin Information Technology Co., Ltd.	People's Republic of China
Zhuhai Huike Lianyin Technology Co., Ltd.	People's Republic of China
Shenzhen Fuyuan Network Technology Co., Ltd.	People's Republic of China
Beijing Yi Qi Mai Technology Co., Ltd.	People's Republic of China

Significant Subsidiaries held by Variable Interest Entities	Place of Incorporation
Zhuhai Onecard Xiaojin Technology Co., Ltd.	People's Republic of China
Beijing Jiufu Puhui Information Technology Co., Ltd.	People's Republic of China
Xinjiang Teyi Shuke Information Technology Co., Ltd.	People's Republic of China

Exhibit 12.1

Certification by the Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Lei Liu, certify that:

1. I have reviewed this Annual Report on Form 20-F of 9F Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 17, 2021

/s/ Lei Liu
Name: Lei Liu
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Yanjun Lin, certify that:

1. I have reviewed this Annual Report on Form 20-F of 9F Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 17, 2021

/s/ Yanjun Lin
Name: Yanjun Lin
Title: Chief Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of 9F Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lei Liu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 17, 2021

/s/ Lei Liu
Name: Lei Liu
Title: Chief Executive Officer

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of 9F Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yanjun Lin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 17, 2021

/s/ Yanjun Lin
Name: Yanjun Lin
Title: Chief Financial Officer

Exhibit 15.1

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HANKUN
汉坤律师事务所
Han Kun Law Offices

Date: May 17, 2021

9F Inc. (the "**Company**"**)**

Room 1607, Building No. 5, 5 West Laiguangying Road
Chaoyang District, Beijing 100102
People's Republic of China

Dear Sir/Madam:

We hereby consent to the use of our name and the summary of our opinion under the headings, "Item 3. Key Information—D. Risk Factors" and "Item 4. Information on the Company—C. Organizational Structure," included in the Company's Annual Report on Form 20-F for the year ended December 31, 2020 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of May 2021. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Han Kun
Han Kun Law Offices

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 238489 on Form S-8 of our report dated May 17, 2021, relating to the consolidated financial statements of 9F Inc., appearing in this Annual Report on Form 20-F for the year ended December 31, 2020.

/s/ Wei, Wei & Co., LLP

Flushing, New York
May 17, 2021

Exhibit 15.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-238489 on Form S-8 of our report dated June 24, 2020 relating to the financial statements of 9F Inc., appearing in this Annual Report on Form 20-F for the year ended December 31, 2020.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Beijing, the People's Republic of China

May 17, 2021

Exhibit 16.1

May 17, 2021

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-7561

Dear Sirs/Madams:

We have read Item 16F of 9F Inc.'s Form 20-F dated May 17, 2021, and have the following comments:

1. We agree with the statements made in the first and fourth sentences of paragraph 1 and in paragraphs 2, 3 and 4 of Item 16F, for which we have a basis on which to comment on, and we agree with, the disclosures.

2. We have no basis on which to agree or disagree with the statements made in the second and third sentences of paragraph 1 and in paragraph 5, 6, 7, 8 and 9 of Item 16F.

Yours truly,

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Beijing, the People's Republic of China

MBP
Beijing Office
Kerry Center South Tower 1 Guang hua Rd., #2419-2422, Chaoyang Dist., Beijing 100020
T 8610.8518.7992

Exhibit 16.2

May 17, 2021

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners,

We have read the statements made by 9F Inc. (copy attached), pursuant to Item 16F of Form 20-F, which we understand will be filed with the Securities and Exchange Commission as part of the Form 20-F of 9F Inc. dated May 17, 2021. We agree with the statements concerning our Firm contained therein.

Sincerely,

/s/ Marcum Bernstein & Pinchuk LLP

Enclosure