Table of Contents

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, 2019.

OR

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

For the transition period from to

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: 001-38712

Pintec Technology Holdings Limited
(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)

9/F Heng An Building
No. 17 East 3rd Ring Road
Chaoyang District, Beijing
People's Republic of China
+86 10 8564-3600
(Address of principal executive offices)

Steven Yuan Ning Sim, Chief Financial Officer
Telephone: +86 10 8564-3600
Email: steven.sim@pintec.com
9/F Heng An Building
No. 17 East 3rd Ring Road
Chaoyang District, Beijing
People's Republic of China
(Name, Telephone, E-mail 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 (one American depositary share representing seven Class A ordinary shares, par value US$0.000125 per share)	**PT**	**The Nasdaq Stock Market LLC (The Nasdaq Global Market)**
Class A ordinary shares, par value US$0.000125 per share*		**The Nasdaq Stock Market LLC (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 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, 2019, there were 250,565,470 Class A ordinary shares and 50,939,520 Class B ordinary shares, par value US$0.000125 per share.

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

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 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 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 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

TABLE OF CONTENTS

INTRODUCTION	1
FORWARD-LOOKING INFORMATION	2
PART I	3
Item 1. Identity of Directors, Senior Management and Advisers	3
Item 2. Offer Statistics and Expected Timetable	3
Item 3. Key Information	3
Item 4. Information on the Company	42
Item 4A. Unresolved Staff Comments	78
Item 5. Operating and Financial Review and Prospects	78
Item 6. Directors, Senior Management and Employees	104
Item 7. Major Shareholders and Related Party Transactions	114
Item 8. Financial Information	119
Item 9. The Offer and Listing	119
Item 10. Additional Information	120
Item 11. Quantitative and Qualitative Disclosures about Market Risk	134
Item 12. Description of Securities Other Than Equity Securities	135
PART II	136
Item 13. Defaults, Dividend Arrearages and Delinquencies	136
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds	136
Item 15. Controls and Procedures	137
Item 16A. Audit Committee Financial Expert	139
Item 16B. Code of Ethics	139
Item 16C. Principal Accountant Fees and Services	139
Item 16D. Exemptions from the Listing Standards for Audit Committees	140
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	140
Item 16F. Change in Registrant’s Certifying Accountant	140
Item 16G. Corporate Governance	141
Item 16H. Mine Safety Disclosure	142
PART III	143
Item 17. Financial Statements	143
Item 18. Financial Statements	143
Item 19. Exhibits	143
SIGNATURES	148

INTRODUCTION

Unless otherwise indicated or the context otherwise requires, all information in this annual report reflects the following:

- "ADSs" refer to our American depositary shares, each of which represents seven Class A ordinary shares;
- "China" or the "PRC" refers 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" refer to our Class A ordinary shares, par value US$0.000125 per share;
- "Class B ordinary shares" refer to our Class B ordinary shares, par value US$0.000125 per share;
- "Jimu Group" refers to our predecessor and its subsidiaries and variable interest entities that operate its peer-to-peer lending business;
- "our predecessor" refers to Jimu Holdings Limited, formerly known as Pintec Holdings Limited;
- "registered users" are individuals who have registered on our system with their name, government-issued identification number and mobile phone number
- "RMB" or "Renminbi" refers to the legal currency of China;
- "shares" or "ordinary shares" refer to our Class A ordinary shares and Class B ordinary shares;
- "U.S. GAAP" refers to generally accepted accounting principles in the United States;
- "US$," "U.S. dollars," "$," or "dollars" refers to the legal currency of the United States; and
- "we," "us," "our company," "our," or "Pintec" refer to Pintec Technology Holdings Limited, its subsidiaries, and, in the context of describing our operations and consolidated financial information, its variable interest entities in China.

The recent outbreak of COVID-19 significantly hindered our ability to file this annual report by the original due date. Starting from early 2020, the Chinese government took a number of actions to attempt to contain the spread of COVID-19, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of being infected with COVID-19, restricting residents from travel, encouraging employees of enterprises to work remotely from home and cancelling public activities. We took a series of measures in response to the outbreak to protect our employees, including temporarily closing offices, facilitating remote working arrangements for our employees and cancelling business meetings and travel. These measures reduced our ability to gather information and to organize such information for the use of our finance staff and outside advisors. As a result, the preparation of this annual report was delayed. Therefore, in filing this annual report on Form 20-F after the original due date of April 30, 2020, we have relied on an order issued by the U.S. Securities and Exchange Commission under Section 36 of the Securities Exchange Act of 1934 on March 4, 2020, as amended on March 25, 2020, providing conditional relief to public companies that are unable to timely comply with their filing obligations as a result of the outbreak of COVID-19.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward looking statements are made under the “safe-harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. 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 these forward-looking statements.

You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our services and solutions;
- our expectations regarding our relationships with funding sources and customers;
- competition in our industries; and
- developments in government policies, laws and regulations relating to our industries.

We would like to caution you not to place undue reliance on these forward-looking statements. You should read these statements in conjunction with the risks disclosed in “Item 3D. Key Information—Risk Factors.” Those risks are not exhaustive. We operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

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

The following selected consolidated statements of operations and comprehensive loss/income data for the years ended December 31, 2017, 2018 and 2019 and selected consolidated balance sheet data as of December 31, 2018 and 2019 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The following selected consolidated statement of operations and comprehensive loss data for the year ended December 31, 2016 and selected consolidated balance sheet data as of December 31, 2016 and 2017 have been derived from our audited consolidated financial statements which are not included in this annual report.

Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read the selected consolidated financial data in conjunction with our consolidated financial statements and the related notes in conjunction with "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report.

	For the Year Ended December 31,				
	2016	2017	2018	2019	
		Restated	Restated		
	RMB	RMB	RMB	RMB	US$
	(in thousands)				
Selected Consolidated Statements of Operations and Comprehensive (Loss)/Income Data:					
Revenues:					
Technical service fees	34,171	619,605	1,297,758	1,077,760	154,810
Installment service fees	16,394	139,862	291,077	187,359	26,912
Wealth management service fees and others	4,309	3,547	14,796	20,117	2,890
Total revenues	**54,874**	**763,014**	**1,603,631**	**1,285,236**	**184,612**
Cost of revenues:[1]					
Funding cost	(16,643)	(78,831)	(161,384)	(51,759)	(7,435)
Provision for credit losses	(16,124)	(115,920)	(70,411)	(33,942)	(4,875)
Origination and servicing cost	(27,087)	(177,662)	(323,342)	(290,398)	(41,712)
Cost on guarantee	—	—	—	(193,426)	(27,784)
Service cost charged by Jimu Group	—	(194,294)	(529,593)	(200,163)	(28,752)
Cost of revenues	**(59,854)**	**(566,707)**	**(1,084,730)**	**(769,688)**	**(110,558)**
Gross (loss)/profit	**(4,980)**	**196,307**	**518,901**	**515,548**	**74,054**
Operating expenses:[1]					
Sales and marketing expenses	(72,010)	(72,076)	(99,671)	(69,593)	(9,996)
General and administrative expenses	(72,849)	(106,323)	(312,979)	(1,095,311)	(157,332)
Research and development expenses	(51,172)	(71,517)	(94,989)	(79,079)	(11,359)
Total operating expenses	**(196,031)**	**(249,916)**	**(507,639)**	(1,243,983)	(178,687)
Operating (loss)/income	**(201,011)**	**(53,609)**	**11,262**	(728,435)	(104,633)

	For the Year Ended December 31,				
	2016	2017	2018	2019	
		Restated	Restated		
	RMB	RMB	RMB	RMB	US$
Change in fair value of convertible loans	—	(7,042)	(9,552)	—	—
Share of loss from equity method investments	—	(2,455)	(2,652)	(8,149)	(1,171)
Impairment on prepayment for long-term investment	—	—	—	(200,000)	(28,728)
Impairment from long-term investments	—	(2,000)	—	—	—
Other income/(expense), net	684	(1,238)	8,822	(11,094)	(1,595)
Interest income from related parties	—	—	—	43,156	6,199
(Loss)/income before income tax expense	**(200,327)**	**(66,344)**	**7,880**	**(904,522)**	**(129,928)**
Income tax (expense)/benefit	(167)	(18,516)	(5,709)	(1,968)	(283)
Net (loss)/income	**(200,494)**	**(84,860)**	**2,171**	**(906,490)**	**(130,211)**
Other comprehensive income	—	841	30,173	11,876	1,706
Total comprehensive (loss)/income	**(200,494)**	**(84,019)**	**32,344**	**(894,614)**	**(128,505)**

(1) Share-based compensation expenses are allocated in operating expense items as follows:

	For the Year Ended December 31,				
	2016	2017	2018	2019	
		Restated	Restated		
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Share-based compensation expenses included in					
Cost of revenues	(27)	(27)	(337)	(250)	(36)
Sales and marketing expenses	(1,986)	(2,470)	(10,236)	(1,565)	(225)
General and administrative expenses	(21,524)	(25,263)	(102,012)	(12,785)	(1,836)
Research and development expenses	(2,128)	(3,258)	(18,675)	(3,247)	(466)

	As of December 31,				
	2016	2017	2018	2019	
		Restated	Restated		
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Selected Consolidated Balance Sheets Data:					
Cash and cash equivalent	27,292	370,891	457,442	102,755	14,760
Restricted cash			252,599	382,695	54,971
Short-term financing receivables, net	359,433	1,513,816	753,169	430,387	61,821
Current and noncurrent amounts due from related parties, net	109,701	229,026	475,426	10,064	1,445
Total assets	561,971	2,450,799	2,368,026	1,560,599	224,165
Short-term borrowings	—	—	220,000	320,000	45,965
Short-term funding debts	382,281	1,228,058	694,978	300,212	43,123
Current and noncurrent amounts due to related parties	162,995	386,489	96,596	10,191	1,464
Financial guarantee liabilities	—	—	15,537	101,933	14,642
Total liabilities	571,176	2,512,992	1,310,750	1,201,879	172,639
Total (invested deficit)/shareholders' equity	(9,205)	(62,195)	1,057,276	358,720	51,526

The selected financial information as of and for the full year ended December 31, 2016 cannot be provided on a restated basis without unreasonable effort and expense.

Exchange Rate Information

Our reporting currency is the Renminbi because our business is mainly conducted in China and all of our revenues are denominated in Renminbi. However, periodic reports made to shareholders will include current period amounts translated into U.S. dollars using the then-current exchange rates, for the convenience of the readers. The conversion of RMB into U.S. dollars in this annual report is based on the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.9618 to US$1.00, the exchange rate on December 31, 2019 set forth in the H.10 statistical release of the Federal Reserve Board. 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 restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions. On June 19, 2020, the noon buying rate was RMB7.0707 to US$1.00.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Relating to Our Business

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

We have a limited operating history. Dumiao, our lending solutions platform, was launched in June 2015. Our Hongdian and Polaris wealth management platforms were launched in September 2015 and June 2016, respectively. We have been operating our financial solutions business separately from Jimu's peer-to-peer funding business only since June 2015, and we have been operating our company substantially as a stand-alone company only since September 2016. We operate in China's online consumer finance and wealth management industries, which are rapidly evolving and may not develop as we anticipate. There are few established players and no proven business model yet in these new industries. The regulatory framework governing these industries is currently uncertain and rapidly evolving and is expected to remain uncertain for the foreseeable future. Our business partners and financial partners may have difficulty distinguishing our platforms, services and solutions from those of our competitors. As these industries and our business develop, we may modify our business model or change our platforms, services and solutions. These changes may not achieve the expected results and may have a material and adverse impact on our financial condition and results of operations.

You should consider our business and future prospects in light of the risks and challenges we may encounter in these rapidly evolving industries, including, among other things, our ability to:

- expand the network of our business partners and financial partners;
- provide diversified and distinguishable services and solutions to financial service providers;
- enhance our data analysis and risk management capabilities;
- navigate an uncertain and evolving regulatory environment;
- anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape;
- diversify our funding sources;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;

- attract, retain and motivate talented employees; and
- improve our operational efficiency.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

Regulatory uncertainties relating to online consumer finance in China could harm our business, financial condition and results of operations.

Our business may be subject to a variety of PRC laws and regulations governing financial services. The application and interpretation of these laws and regulations is ambiguous and may be interpreted and applied inconsistently between different government authorities. In addition, the PRC government is in the process of developing and implementing a regulatory framework to govern the online consumer finance market. New regulations may be issued without clear guidance on how to interpret them, or without the implementing procedures necessary to enable us to comply with them. The result is a continually evolving regulatory environment where compliance and business planning is very challenging. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Loans between Individuals” for more information on the regulations that affect or may affect our business at this time. We expect more regulations to continue to appear.

It is difficult for us to predict how our business might have to evolve under these changing circumstances to remain in compliance. As of the date of this annual report, we have not been subject to any material fines or other penalties under any PRC laws or regulations on our business operations. However, if the PRC government adopts a more stringent regulatory framework for the online consumer finance market in the future and imposes specific requirements (including capital requirements, reserve requirements and licensing requirements) on market participants, our business, financial condition and prospects could be materially and adversely affected. It may be costly for us to comply with applicable PRC laws and regulations. If our ability to continue our current practices were to be restricted, our access to funding may be materially constrained. In addition, while we are not currently subject to any licensing requirements, new licensing requirements may be imposed on us in the future. If we are unable to obtain any licenses that may be required in the future or if our practice is deemed to violate any existing or future laws and regulations, we may face injunctions, including orders to cease illegal activities, and may be subject to other penalties as determined by the relevant government authorities.

We face credit risks in most funding situations.

We connect business partners and financial partners and enable them to provide financial services to users, and almost all of the loans that we facilitate are funded by our financial partners. Our goal is to act as a financial solutions provider and to reduce the credit risk we take on the loan products that we facilitate. However, independent financial solution providers that bear minimal credit risks, such as ourselves, have generally experienced unfavorable market conditions in China. In order to address the market challenges, we now have credit risk for a higher proportion of our funding than we did at the time of our initial public offering.

We provided credit enhancement through our subsidiaries or variable interest entities to a group of select financial partners. By the end of 2019, we bore credit risk in connection with more than half of the point-of-sale installment loans and business installment loans that we facilitated. We also bore some risk under certain funding arrangements for personal installment loans, as well as through trust structures where we retained some liability. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Funding Sources and Credit Risk” for more details.

As of December 31, 2019, we had short-term financing receivables, net, of RMB430.4 million (US$61.8 million) and long-term financing receivables, net, of RMB19.1 million (US$2.7 million) on our balance sheet. We maintain a provision for credit losses based on delinquency levels and historical charge offs of the underlying on- and off-balance sheet loans, where applicable, using an established systematic process on a pooled basis within each credit risk level of the borrowers. For each credit risk level, we estimate the expected loss rate based on the delinquency status of the financial assets to be within that level: current, 1 to 30 days past due, 31 to 60 days past due, 60 to 90 days past due, or 91 days or greater past due. These loss rates in each delinquency status are based on average historical loss rates of financial assets subject to credit losses associated with each of the abovementioned delinquency categories. The expected loss rate of the specific delinquency status category within each risk level will be applied to the outstanding balances of the applicable financial assets within that level to determine the provision for credit losses for each reporting period. We had a provision for credit losses related to financing receivables of RMB33.9 million (US$4.9 million) for the year ended December 31, 2019.

If we take credit risk and our credit assessment and risk management system are not effective, we may suffer material unexpected losses, which would harm our financial performance.

Limitations on credit enhancement may adversely affect our access to funding.

In the fourth quarter of 2017, we started to provide credit enhancement through our variable interest entities for loans that we facilitate with certain financial partners. However, Circular 141 and the Implementation Plans of Internet Micro Finance Companies both prohibit financial institutions from accepting credit enhancement services provided by institutions with no relevant qualifications. We cannot assure you that the arrangements between our subsidiaries and our financial partners would be deemed to be in compliance with those requirements. If we were no longer allowed to continue with our current business practices in this regard, we would need to make adjustments to ensure compliance with relevant laws and regulations, including securing qualified sources to provide credit enhancement services for the borrowers. However, it is uncertain whether our financial partners would accept such adjustments on commercially reasonable terms. As of the date of this annual report, we are in the process of negotiating with some of our financial partners and certain independent guarantee companies, and we have entered into an agreement to allow an independent guarantee company to provide credit enhancement services to the end users of our financial partners. In our cooperation with this independent guarantee company, it will provide guarantees to the end users of our financial partners, but if it fails to perform its obligations to provide guarantees, we will provide supplementary guarantees to them. We intend to cooperate with more independent guarantee companies in the future as soon as practicable. Moreover, due to the lack of interpretation and implementation rules and the fact that the applicable laws and regulations are rapidly evolving, we cannot assure you that we would not be required to make further changes to our business model in the future. If any of the foregoing were to occur, our business, financial condition and results of operations could be materially and adversely affected.

We may be deemed to operate a financing guarantee business by the PRC regulatory authorities.

The State Council promulgated the Regulations on the Administration of Financing Guarantee Companies, or the Financing Guarantee Rules, effective October 1, 2017. Pursuant to the Financing Guarantee Rules, "financing guarantee" refers to the activities in which guarantors provide guarantees to the guaranteed parties as to loans, bonds or other types of debt financing, and "financing guarantee companies" refer to companies legally established and operating financing guarantee businesses. According to the Financing Guarantee Rules, the establishment of financing guarantee companies shall be subject to the approval by the competent government department, and unless otherwise stipulated by the state, no entity may operate a financing guarantee business without such approval. If any entity violates these regulations and operates a financing guarantee business without approval, the entity may be subject to penalties including ban or suspension of business, fines of RMB500,000 (US$71,821) to RMB1,000,000 (US$143,641), and confiscation of any illegal gains, and if the violation constitutes a criminal offense, criminal liability shall be imposed in accordance with the law.

In October 2019, the China Banking and Insurance Regulatory Commission, or the CBIRC, and eight other PRC regulatory agencies promulgated the Supplementary Provisions on the Supervision and Administration of Financing Guarantee Companies, or the Financing Guarantee Supplementary Provisions, which became effective in October 2019. The Financing Guarantee Supplementary Provisions further clarify that institutions providing services such as client recommendation and credit assessment to various institutional funding partners shall not render any financing guarantee service, whether in direct form or disguised form, without the approval of the competent authorities. An institution that operates financing guarantee business without a financing guarantee business license shall be cancelled by the supervision and administration department in accordance with the regulations and the outstanding transactions of the unlicensed financing guarantee business shall be properly settled. In case any institution intends to continue its financing guarantee business, financing guarantee companies may be established in accordance with the Financing Guarantee Rules.

We have provided credit enhancement through our subsidiaries or variable interest entities for loans that we facilitate with certain financial partners. Due to the lack of further interpretations, the exact definition and scope of "operating financing guarantee business" under the Financing Guarantee Rules and what behavior would be deemed as "render any financing guarantee service in disguised form" is unclear. It is uncertain whether we would be deemed to operate a financing guarantee business because of the credit enhancement services we provide. If such credit enhancement services are deemed to be in violation of the Financing Guarantee Rules or the Financing Guarantee Supplementary Provisions, we could be subject to penalties and be required to change our business model in cooperation with our financial partners. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The current arrangements with certain of our financial partners and borrowers may have to be modified to comply with existing or future laws or regulations.

Circular 141 and the Implementation Plans of Internet Micro Finance Companies both prohibit third parties that cooperate with financial institutions and internet micro finance companies from directly charging any interest or fees to borrowers. In our cooperation with certain of our financial partners in the past, including with micro finance companies and banks, we directly charged interest and fees to borrowers for loans funded by those financial partners. We have stopped this practice in response to Circular 141 and no longer charge borrowers directly in cooperation with some of our financial partners. Circular 141 and the Implementation Plans of Internet Micro Finance Companies are subject to further interpretation, and detailed implementation rules may be promulgated in the future. We cannot assure you that our current fee arrangements would be deemed to be in compliance with existing or new interpretations or rules. In the event that we are required to modify the current fee arrangements with our financial partners again, our financial partners may be unwilling to cooperate with us to make those adjustments on commercially reasonable terms, or at all. If any of the foregoing were to occur, our business may be materially and adversely affected.

Limitations on interest and fees that may be charged to borrowers may adversely affect our ability to collect fees.

In accordance with the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases issued by the Supreme People's Court in 2015, agreements between a lender and a borrower for loans with annual interest rates below 24% are valid and enforceable. For loans with annual interest rates between 24% and 36%, the courts will likely refuse a borrower's request for the return of the interest payment if the interest on the loans has already been paid to the lender, provided such payment has not damaged the interest of the state, the community or any third parties. If the annual interest rate of a private loan is higher than 36%, the obligation to make interests payment in excess of 36% is void and the court will uphold the borrower's claim for the return of the excess portion to the borrower. The Certain Opinions Regarding Further Strengthening the Financial Judgment Work, issued by the Supreme People's Court in August 2017, provide more detailed rules regarding the legal limits on interest and fees charged in connection with a loan and specify that intermediary service fees charged by an online lending intermediary to circumvent the statutory limit on interest rates for private lending will be held invalid. Circular 141 further clarifies that not just the interest but the total amount of interest and fees charged to borrowers must be within the limit set forth in the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases.

The annual interest and fees charged to our customers in connection with the loans we have facilitated may exceed 24% per year. Therefore, our customers may be entitled to refuse to repay the interest or fees in excess of 24% and the judicial authorities would be unlikely to uphold any claim for remedies that we might make, or they may make a claim for any excess that they paid over 36% per year and the judicial authorities may grant their claim. Since March 1, 2018, the annual interest and fees charged to our customers in connection with the loans we facilitate have been no more than 36%. However, the regulatory authorities may require us to lower our service fees or other fees or require our financial partners to lower the interest rate that they charge to comply with regulatory requirements, and we cannot assure you that we would not be subject to administrative penalties for having charged excessive interest and fees. If we were unable to collect the full amount of interest and fees on outstanding loans, if we were required to return any amounts that we had already collected or if we were required to reduce the interest and fees on new loans, our business, financial condition, results of operations and prospects would be materially and adversely affected.

Regulatory uncertainties relating to campus online lending may materially and adversely affect our business and results of operations.

The laws, regulations, rules and governmental policies governing campus online lending are expected to continue to evolve. There exist uncertainties regarding the interpretation of campus online lending. For a detailed discussion of relevant laws, regulations, rules and notices, see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Campus Online Lending." We have lowered the age threshold of our end users to the age of 20, which subjects us to the laws, regulations, rules and governmental policies governing campus online lending. We have also implemented a number of measures for different loan facilitation scenarios, including the following: (i) any loan request generated by a lender who is labeled with "student consumption" by our business partners in the POS installment loan will be rejected; (ii) any loan request generated by a lender who is identified as a student by our financial partners or business partners through the China Credentials Verification system will be rejected; and (iii) all the lenders who are between the age of 20 and 22 will be required to confirm whether they are students or not, and any loan request generated by those who have selected the option of "students" will be rejected. However, we cannot assure you that the foregoing measures will be sufficient to enable us to fully comply with the laws, regulations, rules and governmental policies governing campus online lending. In the event that any Chinese governmental authority considers us to be conducting a campus online lending business, we will be subject to various liabilities and penalties such as rectification and cancellation of campus online lending products. Accordingly, our business, financial condition and prospects would be materially and adversely affected.

Failure of other technology enablement platforms for the financial service industry or damage to the reputation of other platforms with similar business models may materially and adversely affect our business and results of operations.

Technology enablement is a new type of business model in the financial service industry. Any negative development in this industry or related industries, such as bankruptcies or failures of other technology enablement platforms or online lending platforms, and especially a large number of such bankruptcies or failures, or negative perception of the industry as a whole, such as that arises from any failure of other platforms to detect or prevent money laundering or other illegal activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established and impose a negative impact on our ability to attract new borrowers and investors. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected, potentially for a prolonged period of time. For example, a considerable number of troubled online lending platforms in China defaulted or collapsed or otherwise were shut down beginning in June 2018. Although these online lending platforms were not related to us, their failures adversely affected investors' confidence in the online consumer finance industry, resulting in a reduction in the availability of funding from individual investors. Consequently, our results of operations and profitability have been adversely affected by market conditions since July 2018. Regulators in the PRC have required online lending platforms to reduce their overall loan volume, outstanding balance, and number of retail investors and borrowers. The online consumer finance industry has been faced with difficulty with liquidity and growth. Many industry players have announced their exit or default, and many have begun to transition to other business models as the trial registration for online lending platform did not progress. Negative developments such as widespread borrower defaults, fraudulent behavior and the closure of other platforms may also lead to heightened regulatory scrutiny and limit the scope of permissible business activities that may be conducted, which may adversely affect our business and results of operations.

The trading price of our ADSs is likely to be volatile due to publicity regarding the online consumer finance industry and the evolving regulatory environment governing this industry in China.

The trading price of our ADSs is likely to be volatile and could fluctuate widely due to publicity regarding the online consumer finance industry and the evolving regulatory environment governing this industry in China. While we are not regulated as a financial service provider, we may be affected by PRC financial regulations as a result of the financial products on our platforms and our relationships with our financial partners. In addition, we may be associated with any negative publicity regarding those industries in which our financial and business partners operate. The tremendous growth of the online consumer finance industry has recently led to the offering of commercially unreasonable products in the marketplace from certain market players with questionable business ethics and practices. The peer-to-peer lending industry in China has experienced a number of defaults and bankruptcies since the summer of 2018, and a number of investors have lost significant sums of money as a result. The negative publicity has affected investor confidence and caused a sharp drop in loan volumes on peer-to-peer lending platforms across the industry. The number of peer-to-peer lending platforms fell from a high of around 6,000 in 2015 to only 344 by the end of 2019. In November 2019, the Internet Finance Rectification Office and the Online Lending Rectification Office jointly issued the Guidelines on Transformation from Online Lending Information Intermediaries to Microcredit Company, pursuant to which online lending information intermediaries that conform to certain requirements may apply to transform to microcredit companies. The relevant transformation period shall not exceed one or two years in principle, depending on the outstanding business volume of and the terms of loans facilitated by such online lending information intermediaries. As a result of the foregoing, a number of Chinese companies operating in the online consumer finance industry who have listed their securities in the United States experienced significant volatility and sudden price declines. The regulatory environment of the online consumer finance industry may continue to evolve in response to factors beyond our control. Any rumors of or perceived changes to the regulations, even if proven to be untrue or completely unrelated or inapplicable to our business, may cause wide fluctuations in the trading price of our ADSs, and in certain cases significant declines, which could result in substantial losses to investors. See also "—Risks Relating to Our ADSs—The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors."

If any wealth management financial product or service on our platform or the business practices of us or any of our financial partners are deemed to violate any new or existing PRC laws or regulations, our business, financial condition and results of operations could be materially and adversely affected.

Financial products and financial service providers are strictly regulated in China. While we are not regulated as a financial service provider, we may be affected by PRC financial regulations as a result of the wealth management financial products on our platform and our relationships with our financial partners. For example, our Hongdian platform lists mutual funds while our Polaris platform constructs portfolios with mutual funds and other assets provided by our financial partners. If any financial product on Polaris or Hongdian is deemed to violate any PRC laws or regulations, we may be liable for distributing the product or assisting in offering the product on our platforms, even if we are not its direct provider. If any of our financial partners is deemed to violate any PRC laws or regulations, we may be jointly liable due to the services or solutions we provide. We may have to remove financial products from our platforms or terminate our relationships with financial partners. As a result of any of the foregoing, our business, financial condition and prospects will be materially and adversely affected.

We generate a significant proportion of our revenues through a limited number of business partners.

We generate a significant proportion of our total revenues through a limited number of business partners. We generated 54.0%, 36.1% and 43.6% of our total revenues through cooperation with our top five business partners in 2017, 2018 and 2019, respectively. Our partnerships with these business partners are not on an exclusive basis, and the contract durations are short. If these business partners change their policies, terminate their partnership or do not renew their cooperation agreements with us, our business and result of operations may be materially and adversely affected. If we are not able to expand into new verticals and increase penetration in existing verticals to increase the number of our business partners, retain our existing business partners or renew our existing contracts with major business partners on terms favorable to us, our results of operations will be materially and adversely affected.

If our platforms, services and solutions do not achieve sufficient market acceptance, our growth prospects and competitive position will be harmed.

The attractiveness of our technology-based services and solutions to our business and financial partners, and our online platforms to users, depend on our ability to innovate. To remain competitive, we must continue to develop and expand our platforms, services and solutions. We must also continue to enhance and improve our data analytics and technology infrastructure. These efforts may require us to develop or license increasingly complex technologies. In addition, new services, solutions and technologies developed and introduced by competitors could render our services and solutions obsolete if we are unable to update or modify our own technology. Developing and integrating new services, solutions and technologies into our existing platforms and infrastructure could be expensive and time-consuming. Furthermore, any new features and functions may not achieve market acceptance. We may not succeed in implementing new technologies, or may incur substantial costs in doing so. Our platforms, services and solutions must achieve high levels of market acceptance in order for us to recoup our investments. Our platforms, services and solutions could fail to attain sufficient market acceptance for many reasons, including:

- our credit assessment models may not be accurate;
- we may fail to predict market demand accurately and to provide financial services that meet this demand in a timely fashion;
- business partners and financial partners using our platforms may not like, find useful or agree with any changes;
- there may be defects, errors or failures on our platforms;
- there may be negative publicity about our financial services or our platforms' performance or effectiveness; and
- there may be competing services or solutions introduced or anticipated to be introduced by our competitors.

If our platforms, services or solutions do not achieve adequate acceptance in the market, our competitive position, results of operations and financial condition could be materially and adversely affected.

If our credit assessment system is flawed or ineffective, or if we otherwise fail or are perceived to fail to manage credit risk of loans facilitated through our platform, our reputation and market share would be materially and adversely affected, which would adversely impact our business and results of operations.

Our ability to attract business partners and financial partners to our online consumer finance platform and gain their trust is significantly dependent on our ability to effectively evaluate users' credit profiles and the likelihood of default. To conduct this evaluation, we analyze a variety of information such as basic personal background, third-party bureau data, credit card and bankcard transactional information and transactional information from e-commerce websites. However, our proprietary credit assessment models may inaccurately predict future loan losses under certain circumstances. For instance, after initial credit lines are granted, a user's risk profile may change due to a variety of factors, such as deteriorating personal finances, which may not be captured by our proprietary credit assessment models in a timely manner. We may also expand our network of business partners and serve new user groups with which we have less experience, and our proprietary credit assessment system may be unable to accurately predict future loan losses of the new user groups. In addition, the model and algorithms used by our proprietary credit assessment engine may contain errors, flaws or other deficiencies that may lead to inaccurate credit assessment. If we fail to continuously refine the algorithms and the data processing and machine learning technologies that we use in our proprietary credit assessment engine, or if these efforts introduce programming or other errors or is otherwise ineffective, or if we fail to continuously expand our data sources or the data provided by customers or third parties is incorrect or obsolete, our loan pricing and approval process could be negatively affected, resulting in mispriced or misclassified loans or incorrect approvals or denials of loan requests. Our business partners and financial partners may decide not to cooperate with us, or users may choose not to use our platform, and our reputation and market share would be materially and adversely affected, which would adversely impact our business and results of operations.

Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19 in China.

Since the beginning of 2020, outbreaks of COVID-19 have resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China. Normal economic life throughout China has been sharply curtailed. The population in most of the major cities was locked down to a greater or lesser extent and opportunities for discretionary consumption were extremely limited. While many of the restrictions on movement within China have been relaxed as of the date of this annual report, there is great uncertainty as to the future progress of the disease. Currently, there is no vaccine or specific anti-viral treatment for COVID-19. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the reimposition of restrictions.

Substantially all of our employees are based in Beijing and Shanghai, and we generate substantially all of our revenues in China. We have taken a series of measures in response to the outbreak to protect our employees, including temporarily closing our offices, facilitating remote working arrangements for our employees and cancelling business meetings and travel. Our business partners have also been adversely impacted since the beginning of 2020, particularly our business partners in the online travel agency and telecom industries. As a result of the above, our loan volume in the first quarter of 2020 has decreased dramatically compared with the corresponding period of 2019.

Consequently, the COVID-19 outbreaks may materially adversely affect our business, financial condition and results of operations for the full year 2020. The extent to which this outbreak impacts our results of operations will depend on future developments which are highly uncertain and unpredictable, including new outbreaks of COVID-19, the severity of the disease, the success or failure of efforts to contain or treat the disease, and future actions we or the authorities may take in response to these developments.

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

COVID-19 had a severe and negative impact on the Chinese and the global economy in the first quarter of 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.

Our business may be affected by the condition of China's credit market and competitive landscape of industries in which we operate.

Changes in the condition of China's credit markets generally impact the demand and supply of financial products, which in turn will affect the demand for financial services and solutions we provide to our business partners. The range, pricing and terms of financial products available in the market partly result from competition among our financial partners and other financial service providers. In a rising interest rate environment, end users may seek funding through other means. In a declining interest rate environment, end users may choose to refinance their loans with lower-priced financial products, which may not be available through our partners. There can be no assurance that our financial partners can respond to fluctuations in interest rates in a timely manner.

In addition, changes in the competitive landscape of the China's online consumer finance and wealth management industries may affect our business. For example, our business partners and financial partners may accumulate more experience and develop more expertise in using our financial solutions, thus they may develop their own capabilities and forgo using the services provided by independent technology platforms such as ours.

A credit crisis or prolonged downturn in the credit markets could severely impact our operating environment. A credit crisis or prolonged downturn in the credit markets might cause tightening in credit guidelines, limited liquidity, deterioration in credit performance and increased foreclosure activities. Since we predominantly generate our revenues from fees charged for services and not on the basis of outstanding loan amounts, a decrease in transaction volumes could cause a material decline in our revenues for the duration of the crisis, even if we do not bear credit risk in the event of borrower default. Moreover, a financial and credit crisis may be coupled with or trigger a downturn in the macroeconomic environment, which could cause a general decrease in lending activity over a longer period of time. If a credit crisis were to occur, particularly in China's credit markets, our business, financial performance and prospects could be materially and adversely affected.

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

We experience some seasonality in our business, primarily reflecting seasonality in our business partners' businesses. Our seasonality is associated with seasonal demands for consumer loans and travel and for consumption in general, as users use point-of-sale installment loans to finance installment purchases from our business partners. See "Item 4. Information on the Company—B. Business Overview—Seasonality." Our quarterly results of operations, including the levels of our revenues, expenses, net loss or 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, especially given our limited operating history. Accordingly, the results for any one quarter are not necessarily an indication of future performance.

If we do not compete effectively, our results of operations could be harmed.

We may fail to compete for business partners and financial partners against any of our current or future competitors. Online consumer finance, wealth management and insurance are emerging industries in China. We enable our business and financial partners to provide innovative consumer finance, wealth management and insurance services to the users. With respect to consumer finance enablement, Baidu Finance shares a similar business model where it provides technology enablement services to business partners and financial partners, and we compete with respect to acquiring partners and customers. Other independent platforms also provide such enablement services to partners as one segment of their business. With respect to wealth management and robo-advisory enablement, we compete with companies such as Yingmi.cn and Licaimofang. We also compete across consumer finance, wealth management and insurance with platforms affiliated with major internet companies and business ecosystems in China, such as Ant Financial, JD Finance and Ping An One Connect. In addition, our business and financial partners may develop their own in-house capabilities that compete with the services we currently provide. Some of our larger competitors have substantially broader product or service offerings and greater financial resources to support their spending on sales and marketing. Current or potential competitors may have substantially greater brand recognition and may have more financial, research, marketing and distribution resources than we do. Our competitors may introduce platforms with more effective features, or services or solutions with competitive pricing or better performance. In addition, some of our competitors may have more resources to develop or acquire new technologies and react quicker to the changing demands of business partners and financial partners.

Our business model is unproven.

We work with business partners and financial partners on our platforms and enable them to provide financial services to end users efficiently and effectively. This is a relatively new and unproven business model in the financial services industry, and it has evolved, and may continue to evolve, over time. Our business model differs significantly from that of traditional financial service providers and other internet online lending solutions providers in several ways, including our focus on business to business services. The success of our business model depends on its scalability and on our ability to acquire more business partners and financial partners and achieve higher transaction volumes on our platforms. If we are unable to efficiently acquire partners, address the business needs of our partners or offer a superior user experience to end users, our results of operation would likely suffer.

Any failure by us or our financial partners or other funding sources to comply with applicable anti-money laundering laws and regulations could damage our reputation.

We have adopted various policies and procedures, such as internal controls and "know-your-customer" procedures, for anti-money laundering purposes. The Internet Finance Guidelines purport, among other things, to require internet finance service providers to comply with certain anti-money laundering requirements, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. The Administrative Measures for Internet Finance Service Providers Regarding Anti-Money Laundering and Counter Terrorism Financing (Trial Version), or the Administrative Measures Regarding AML and CTF, require internet finance service providers to comply with certain anti-money laundering and counter terrorism financing requirements, including establishing an internal control system for anti-money laundering and counter terrorism financing, establishing a customer identification program, monitoring terrorist organizations and terrorists, monitoring and reporting suspicious transactions and preserving customer information and transaction records. The Fund Sale Measures, promulgated by the China Securities Regulatory Commission, or the CSRC, in 2013, require independent fund sales institutions to comply with certain anti-money laundering requirements, including establishing a customer identification program, monitoring and reporting suspicious transactions and preserving customer information and transaction records. The Notice on Anti-Money Laundering Operations of the Insurance Industry requires insurance brokerage agencies to establishing anti-money laundering internal control systems and provide assistance to public security departments and judicial authorities in investigations. There is no assurance that our anti-money laundering policies and procedures will protect us from being exploited for money laundering purposes or that we will be deemed to be in compliance with applicable anti-money laundering implementing rules, if and when adopted, given that our anti-money laundering obligations in the Internet Finance Guidelines, the Administrative Measures Regarding AML and CIF, the Fund Sale Measures and the Notice on Anti-Money Laundering Operations of the Insurance Industry are not specified. For example, Shanghai Anquying Technology Co., Ltd., as the operator of Dumiao, has not been informed by any regulatory authorities that Dumiao is obligated to access the Anti-Money Laundering Internet Monitoring Platform pursuant to the Administrative Measures Regarding AML and CIF. Any new requirement under money laundering laws could increase our costs, and may expose us to potential sanctions if we fail to comply. Furthermore, our financial partners are required to have their own appropriate anti-money laundering policies and procedures as stipulated in the applicable anti-money laundering laws and regulations, and our other funding sources may also be required to comply with the applicable anti-money laundering laws and regulations. If we or any of our financial partners or other funding sources fail 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. Any negative perception of technology enablement platforms for the financial service industry, such as those that arise from any failure of other internet finance service providers to detect or prevent money laundering activities, could compromise our image or undermine the trust and credibility we have established. If any of the foregoing were to occur, our reputation, business, financial condition and results of operations might be materially and adversely affected.

Failure to protect confidential information of our end users and our network against security breaches could damage our reputation and brands and substantially harm our business and results of operations.

Our business involves the collection, storage, processing and transmission of end users' personal data. The highly automated nature of our platforms may make them attractive targets and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have taken steps to protect confidential information that we have access to, our security measures could be breached. Any accidental or willful security breaches or other unauthorized access to our platforms could cause confidential information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, our relationships with our business partners and financial partners could be severely damaged, and we could incur significant liability. 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.

We face risks related to natural disasters and health epidemics.

In addition to the impact of COVID-19, our business could be materially and adversely affected by natural disasters, other health epidemics or other public safety concerns affecting the PRC, and particularly Beijing. Natural disasters 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 operate our platforms and provide services and solutions. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. Our headquarters are located in Beijing, where most of our directors and management and the majority of our employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Beijing. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

We may be required to obtain value-added telecommunication service licenses by the PRC regulatory authorities.

Both Shanghai Anquying Technology Co., Ltd., formerly known as Anquying (Shanghai) Investment Consulting Co., Ltd., and Beijing Hongdian Fund Distributor Co., Ltd., or Beijing Hongdian, conduct value-added telecommunications businesses, for which they are required to obtain value-added telecommunications service licenses. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Value-added Telecommunication Service." Failure to comply with the regulations relating to value-added telecommunications services may result in fines and other administrative sanctions. Although Beijing Hongdian has obtained a value-added telecommunications service license for its operations on its website and Shanghai Anquying Technology Co., Ltd. has applied for a value-added telecommunication service license for its website, neither has obtained a license for its operations on its mobile applications. There is a lack of further interpretations or explicit and detailed laws and regulations regarding the value-added telecommunications service license for a mobile applications provider. However, to the extent that the PRC regulatory authorities require value-added telecommunication service licenses to be obtained for the operation of our mobile applications, we may be subject to the sanctions described above if we do not obtain such licenses, and our business, financial condition and results of operations maybe materially and adversely affected.

Limitations on micro finance companies and online lending information intermediaries may adversely affect our access to funding.

Circular 141 requires online micro finance companies to suspend the funding of micro-loans that are unrelated to the circumstances of their use and to gradually reduce the volume of their existing business relating to such loans and to complete rectifications within a given period of time. Circular 141 also prohibits online lending information intermediaries from facilitating loans with no designated use of loan proceeds. Although we now require the end users of our personal and business installment loans to specify the intended use of the loan proceeds, and the intended use is stipulated in the loan agreement between the borrower and the lender, it is unclear whether personal and business installment loans that we have facilitated through our solutions would be deemed to be loans with no designated use of loan proceeds and thus subject to the foregoing requirement of Circular 141. If such personal and business installment loans were deemed to be loans with no designated use of loan proceeds, we would need to take measures to track the actual use of loans, and our financial partners would also need to take measures to track the actual use of loans and may require us to cooperate with them and upgrade our system, both of which could cause us to incur substantial additional expenses. If we were unable to effectively implement the foregoing or other rectification measures, we might need to reduce or even cease the funding and facilitation of such personal and business installment loans. If that were to occur, our business, financial condition and results of operations would be materially and adversely affected.

Jimu Group's insolvency and inability to repay the loans we extended to it may cause us to be unable to meet our obligations as they come due, and we may not be able to obtain additional capital when desired, on favorable terms or at all.

Our consolidated financial statements have been prepared on a going concern basis. As of December 31, 2019, we had RMB748.4 million (US$107.5 million) in current amounts due from Jimu Group and RMB117.6 million (US$16.9 million) in non-current amounts. Since Jimu Group is insolvent and announced its exit from the online lending platform business in February 2020, we determined that it was probable that the amounts due from Jimu Group were not collectible or recoverable. Although we anticipate that our current cash will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months, the loss of this capital may impair our ability to invest in facilities, hardware, software and technological systems, retain talent, or expand our business. Our cash and cash equivalents declined from RMB457.4 million as of December 31, 2018, to RMB102.8 million (US$14.8 million) as of December 31, 2019, and our total current assets from RMB2.2 billion as of December 31, 2018, to RMB1.2 billion (US$166.6 million) as of December 31, 2019. Due to the unpredictable nature of the capital markets and the industries in which we operate, there can be no assurance 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 unfavorable operating results. If adequate capital is not available to us as required, our ability to fund our operations, expand our business, 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. In such an event, there may also be doubt as to our ability to continue as a going concern. 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 financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.

We entered into various transaction agreements in connection with our pre-IPO reorganization in December 2017 and completed the reorganization in March 2018. We made numerous estimates, assumptions and allocations in our historical financial statements because we did not operate as a stand-alone company from an accounting perspective prior to the completion of the reorganization. In particular, our consolidated balance sheets include those assets and liabilities that are specifically identifiable to our business, and our consolidated statements of operations include all costs and expenses related to us, including costs and expenses allocated from Jimu Group to us. Although we believe that the assumptions underlying our historical financial statements and the above allocations are reasonable, our historical financial statements may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during those periods. Therefore, you should not view our historical results as indicators of our future performance. See "Item 5. Operating and Financial Review and Prospects" and the notes to our consolidated financial statements included in this annual report for our historical cost allocation.

Jimu Group's insolvency may materially and adversely affect the strength of our brands.

Historically, we have benefited significantly from the fact that we and Jimu Group operated as a single entity to develop our businesses and achieve market recognition. Our business, including Dumiao, Polaris and Hongdian, was previously operated under the Jimu umbrella brand. Our services historically have been associated with Jimu Group, and they may continue to be commonly associated with Jimu Group. We used to benefit from Jimu Group's strong brand recognition in China, which provided us credibility and a broad marketing reach. Jimu Group's insolvency and exit from the online lending platform business in February 2020 will likely have an adverse impact on the effectiveness of our marketing as well as our reputation and brands.

On the other hand, we have actively engaged in marketing our own brands, including Pintec, Dumiao, Polaris and Hongdian, to distinguish our services from those provided by Jimu Group. However, there is no assurance that such efforts will be successful. Continued association of our services with Jimu Group may hinder our future marketing endeavor and brand recognition, and as a result, our financial conditions, results of operations and strength of our brands may be materially and adversely affected.

Any negative publicity with respect to us, our shareholders, directors or officers, our financial service providers or the industries in which we operate may materially and adversely affect our business and results of operations.

The reputation of our brands is critical to our business and competitiveness. Any malicious or negative publicity about our products or services, or about our shareholders, directors or officers, whether or not accurate and whether or not we are negligent or at fault, including but not limited to publicity relating to our management, business, compliance with the law, financial conditions or prospects, whether with or without merit, could severely compromise our reputation and harm our business and operating results.

As China's online consumer finance and wealth management industries are new and the regulatory framework is also evolving, negative publicity about these industries and the market segments in which we or our business or financial partners operate may arise from time to time. Negative publicity about China's online consumer finance industry in general may also have a negative impact on our reputation, regardless of whether we have engaged in any inappropriate activities. The PRC government is in the process of developing and implementing a regulatory framework to govern the online consumer finance market. Any publicity about players in China's online consumer finance industry who are not in compliance with the new regulatory framework may adversely impact the reputation of the industry as a whole. Furthermore, any negative development or perception of the online consumer finance industry as a whole, even if factually incorrect or based on isolated incidents or as result of conduct by other market players, could compromise our image, undermine our credibility and negatively impact our ability to attract new business and financial partners. Negative developments in the online consumer finance industry, such as widespread customer defaults, fraudulent behavior, the closure of other online consumer finance platforms, or incidents indirectly resulting from any particular customer's accumulation of large amounts of debt or inability to repay debt, may also lead to tightened regulatory scrutiny of the sector and limit the scope of permissible business activities that may be conducted by online consumer finance platforms. For instance, there have been a number of reports since 2015 of business failures, accusations of fraud and unfair dealing regarding certain companies in the online consumer finance industry in China. If users or business and financial partners associate our company with these companies, they may be less willing to engage in borrowing or funding activities on our platform. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected.

If we fail to promote and maintain our brands in a cost-efficient way, our business and results of operations may be harmed.

We believe that developing and maintaining awareness of our brands effectively is critical to attracting new partners and users to our platforms and retaining existing ones. This depends largely on the effectiveness of our customer acquisition strategy, our marketing efforts, our cooperation with our business partners and the success of the channels we use to promote our platforms. If any of our current user acquisition strategies or marketing channels become less effective, more costly or no longer feasible, we may not be able to attract new partners and users in a cost-effective manner or convert potential partners and users into using our financial services and solutions.

Our efforts to build our brands have caused us to incur expenses, and it is likely that our future marketing efforts will require us to incur additional expenses. These efforts may not result in increased revenues in the immediate future or any increases at all and, even if they do, any increases in revenues may not offset the expenses incurred. If we fail to successfully promote and maintain our brands while incurring additional expenses, our results of operations and financial condition would be adversely affected, and our ability to grow our business may be impaired.

If users are dissatisfied with the performance of the financial products we offer on Hongdian or the portfolios we construct and offer through our Polaris robo-advisory services, our brands may suffer and our business and results of operations may be harmed.

Users access the financial products we offer through our Hongdian platform and the portfolios we construct and offer through our Polaris robo-advisory services. Our reputation and brands may suffer if these products do not provide expected investment returns or otherwise perform poorly, even if we do not provide the underlying investment assets. Although we have established standards to screen financial partners before listing their products, we have limited control over the financial products themselves and no control over how they perform. If users become dissatisfied with the financial products available on our platforms or the financial products that they acquired through our platforms, our business, reputation, financial performance and prospects could be materially and adversely affected.

Misconduct and errors by our employees 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. Our business depends on our employees to interact with users and partners, process large numbers of transactions and support loan servicing, all of which involve the use and disclosure of personal information. We could be materially and adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information were disclosed to unintended recipients or if an operational breakdown or failure were to occur in the processing of transactions, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. In addition, the manner in which we store and use certain personal information and interact with partners and users through our platforms is governed by various PRC laws. It is not always possible to identify and deter misconduct or errors by employees, 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 take, convert or misuse funds, documents or data or fail to follow protocols when interacting with partners and 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 protocols, and therefore be subject to civil or criminal liability.

Fraudulent activity on our platforms could negatively impact our operating results, brands and reputation and cause the use of our products and services to decrease.

We may be vulnerable to fraudulent activity on our platforms, sometimes through sophisticated schemes or collusion. Certain of our own employees, on their own or in collusion with others inside or outside our company, may participate in fraudulent or otherwise illegal activities. Our resources, technologies, fraud detection tools and risk management system may be insufficient to accurately detect and timely prevent fraud and misconduct. Significant increases in fraudulent activity could negatively impact our brands and reputation, cause losses to users and financial service providers, and reduce user activity on our platforms. We may need to adopt additional measures to prevent and reduce fraud, which could increase our costs. High profile fraudulent activity could even lead to regulatory intervention, and may divert our management's attention and cause us to incur additional expenses and costs. If any of the foregoing were to occur, our results of operations and financial conditions could be materially and adversely affected.

We rely on data from third parties and users for the successful operation of our online consumer finance platform, and this data may be inaccurate or may not accurately reflect users' creditworthiness, which may cause us to inaccurately price loans facilitated through our platform and cause our reputation to be harmed.

Our ability to accurately price loans depends on credit, identification, employment and other relevant information that we receive. Unlike many developed countries, China does not have a well-developed centralized credit reporting system. As an open platform, we have access to data from users, business partners, financial partners and third-party data partners. We synthesize multiple sources of data with our data analytics capability, which drives our credit assessment engine. We cannot ensure the accuracy and timeliness of the various sources of data that we use.

While we strive to predict the likelihood of default of a user through our credit assessment models, we may not accurately predict a user's actual creditworthiness because we may receive outdated, incomplete or inaccurate data. We do not verify information obtained from third parties, other than as indicated elsewhere in this annual report. Low quality or inaccurate data could materially affect the accuracy and validity of our assessment capability, services and solutions, which could adversely affect our reputation and financial performance.

In addition, there is a risk that, following the date we obtain and review the information, a user's personal circumstances may have changed. The user may have become delinquent in the payment of an outstanding obligation, defaulted on a pre-existing debt obligation, taken on additional debt or otherwise had their ability to repay the loan reduced. We cannot ensure that the data that we use is always up to date, and this may cause us to inaccurately price loans and lead to a higher loss rate.

We have obligations to verify information relating to users and detecting fraud. If we fail to perform such obligations to meet the requirements of relevant laws and regulations, we may be subject to liabilities.

Our business of facilitating the offer of financial products by our partners to users constitutes an intermediary service, and our contracts with partners and users are intermediation contracts under the PRC Contract Law. Under the PRC Contract Law, an intermediary that intentionally conceals any material information or provides false information in connection with the conclusion of the proposed contract and so harms the client's interests may not claim any service fee for its intermediary services and is liable for any damage incurred by the users. Therefore, if we fail to verify the truthfulness of the information provided by or in relation to our users and to actively detect fraud, we could be subject to liability as an intermediary under the PRC Contract Law, and our results of operations and financial condition could be materially and adversely affected.

If our ability to collect delinquent loans is impaired, our business and results of operations might be materially and adversely affected.

Our ability to collect loans is dependent on the user's continuing financial stability, and consequently, collections can be adversely affected by job loss, divorce, death, illness or personal bankruptcy. Our collection activities are highly automated, conducted through digital means such as payment reminder notifications in our app, reminder text messages, voice messages and e-mails and supplemented by direct phone calls. We generally refer the delinquent account to an outside collection agent. All of our collection efforts have been outsourced as of July 1, 2017, including to one service provider in which we own an 18% equity interest. The collection agency will charge collection fees, which will increase our expenses. If our third-party service providers' collection methods are not effective and we fail to respond quickly and improve our collection methods, our delinquent loan collection rate may decrease and our financial partners may suffer loss, which may affect our business and reputation. Our service fees also depend on the collectability of the loans that we facilitate. If we experience an unexpected significant increase in the number of users who fail to repay their loans or an increase in the principal amount of the loans that are not repaid, we will be unable to collect our entire service fee for such loans and our revenue could be materially and adversely affected.

We may be held responsible for illegal or unethical practices by third parties that we use to collect delinquent loans.

We refer delinquent accounts that are overdue to third party collection service providers, including one service provider in which we own an 18% equity interest. All of our collection efforts have been outsourced as of July 1, 2017. While we have implemented and enforced policies and procedures relating to collection activities by third-party service providers, if those collection methods are viewed by the users or regulatory authorities as harassment, threats or other illegal conduct, particularly in the case of a service provider in which we own an 18% equity interest, we may be subject to lawsuits initiated by the users or prohibited by the regulatory authorities from using certain collection methods. If this were to happen and we fail to adopt alternative collection methods in a timely manner or the alternative collection methods are proven to be ineffective, we might not be able to maintain our delinquent loan collection rate, and the transaction volumes on our online consumer finance platform may decrease and our business and the results of operations could be materially and adversely affected.

If we fail to effectively manage our growth, our business and operating results could be harmed.

We aim to achieve rapid growth in our business and operations. Rapid growth would place significant demands on our management, operational and financial resources. We may encounter difficulties as we expand our operations, data and technology, sales and marketing, and general and administrative capabilities. We expect our expenses to continue to increase in the future as we enhance data analytical capabilities, launch new technology development projects and build additional technology infrastructure. Continued growth could also strain our ability to maintain the quality and reliability of our platforms and services, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Our expenses may continue to grow faster than our revenues, and our expenses may be greater than we anticipate. Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, operating results and financial condition could be harmed.

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 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 might not be able to replace them easily or at all, 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. In addition, although we have entered into confidentiality and non-competition agreements with our management, 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 us and our current or former officers, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may not be able to enforce them at all.

Our chief executive officer, Mr. Wei Wei, has been on a temporary medical leave since September 2019. Mr. Wei resigned from his position as chairman of the board of directors but remains on our board of directors during his leave. Mr. Jun Dong was elected as the new chairman of the board of directors and has been named as the acting chief executive officer for the duration of Mr. Wei's absence. Mr. Wei has not set a date for his return.

We may not be able to attract and retain the qualified and skilled employees needed to support our business.

We believe our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical, risk management 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 our ability to serve users and financial service providers could diminish, resulting in a material adverse effect to our business.

Our proprietary robo-advisory engine may be flawed or ineffective at providing investment advices, which may subject us to additional risks.

We have provided investment advisory services to users on our Polaris platform and to our financial partners through our proprietary robo-advisory services, which construct investment portfolios that cater to the specific risk appetites of our users and to achieve targeted risk-adjusted returns. We believe that our proprietary robo-advisory services provide users with a cost-efficient, competitively priced, easy-to-use automated wealth management solution intended to maximize portfolio returns based on a user's specific risk appetite. If our proprietary robo-advisory engine is flawed or ineffective, our reputation and market share would be materially and adversely affected, which would severely impact our business and results of operations. Additional risks associated with these investment advisory activities through robo-advisory engine include those that might arise from unsuitable investment recommendations, inadequate due diligence, inadequate disclosure and fraud. Realization of these risks could lead to liability for client losses, regulatory fines, civil penalties and harm to our reputation and business.

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

Our platforms and internal systems rely on software that is highly technical and complex. In addition, our platforms and internal systems depend on the ability of the 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 use. Errors or other design defects within the software on which we rely may result in a negative experience for users and financial service providers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect 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 financial service provider partners or liability for damages, any of which could adversely affect our business, results of operations and financial conditions.

Any significant disruption in service on our platforms or in our computer systems, including events beyond our control, could reduce the attractiveness of our platforms, services and solutions and result in a loss of users or financial service provider partners.

In the event of a system outage and physical data loss, the performance of our platforms, services and solutions would be materially and adversely affected. The satisfactory performance, reliability and availability of our platforms, services and solutions and the technology infrastructure that underlies them are critical to our operations and reputation and our ability to retain existing and attract new users and partners. Much of our system hardware is hosted in a leased facility located in Beijing that is operated by our IT staff. We also maintain a real-time backup system in the same facility and a remote backup system at a separate facility also located in Beijing. Our operations depend on our ability to protect our systems against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or other attempts to harm our systems, criminal acts and similar events. If there is a lapse in service or damage to our leased facilities in Beijing, we could experience interruptions and delays in our service and may incur additional expense in arranging new facilities.

Any interruptions or delays in the availability of our platforms, services or solutions, whether accidental or willful, and whether as a result of our own or third-party error, natural disasters or security breaches, could harm our reputation and our relationships with users and partners. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage and such recovery may take a prolonged period of time. These factors could damage our brands and reputation, divert our employees' attention and subject us to liability, any of which could adversely affect our business, financial condition and results of operations.

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. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We 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 telecommunications 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 the increasing traffic on our platforms. We cannot assure you that the internet infrastructure and the fixed telecommunications 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. If the prices we pay for telecommunications and internet services rise significantly, our financial performance 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.

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

We regard our software registrations, trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. See "Item 4. Information on the Company—B. Business Overview—Intellectual Property." Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

It is often difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to our competitors, or our competitors may independently discover them. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

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. From time to time in the future, we may be 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.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

We are a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include a report of management on 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 may be required to 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, our reporting obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. In the course of management's preparation and our independent registered public accounting firm's auditing our consolidated financial statements for the years ended December 31, 2017, 2018 and 2019, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting as of December 31, 2019, in accordance with the standards established by the Public Company Accounting Oversight Board of the United States, or the PCAOB.

As defined in the standards established by the 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 relates to our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP 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 reporting requirements set forth by the SEC. This material weakness, if not timely remedied, may lead to significant misstatements in our consolidated financial statements in the future.

A second material weakness that has been identified relates to our lack of effective controls over the provision of cash advances to Jimu Group and its subsidiaries. Significant provision for credit loss of RMB856.0 million on balance due from Jimu Group was made in the year ended December 31, 2019 as collection or recovery was remote.

A third material weakness that has been identified relates to our lack of effective controls over our investment process. Impairment loss on the prepayment for long-term investment in the amount of RMB200.0 million was recognized in the year ended December 31, 2019.

The latter two material weaknesses resulted in significant losses in the year ended December 31, 2019.

Following the identification of three material weaknesses and other control deficiencies, we have taken measures and plan to continue to take measures to remedy these control deficiencies. For details, see "Item 15. Controls and Procedures—Internal Control Over Financial Reporting." However, the implementation of these measures may not fully address these deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remedied. Our failure to correct these control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

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

We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are subject to rules and regulations by various governing bodies, including, for example, the Securities and Exchange Commission, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

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

We maintain various insurance policies to safeguard against risks and unexpected events. Additionally, we provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. However, as the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business-related insurance products. We do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. We consider our insurance coverage to be in line with that of other companies in the same industry of similar size in China, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Future investments in and acquisitions of complementary assets, technologies and businesses may fail and may result in equity dilution or significant diversion of management attention.

We may invest in or acquire assets, technologies and businesses that are complementary to our existing business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to intangible assets, significant diversion of management attention and exposure to potential unknown liabilities of the acquired business. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. In the event that our investments and acquisitions are not successful, our financial condition and results of operations may be materially and adversely affected.

Our plans for international expansion may expose us to additional risks.

We are looking into opportunities to expand our platforms into regions outside of China. We have entered into two joint ventures outside of China to offer our solutions in additional markets in conjunction with local partners. In October 2017, we formed a joint venture named PIVOT Fintech Pte. Ltd. together with FWD Group and certain angel investors to provide robo-advisory services in Southeast Asia. In April 2018, we formed a joint venture named Avatec.ai (S) Pte. Ltd. together with United Overseas Bank Limited to offer credit services and solutions primarily in Southeast Asian countries. In addition, we set up Pintec Solutions Pte. Ltd. in Singapore in November 2018 as the international headquarters for our international business development, and in April 2019, we acquired Infrarisk Pty Limited, an Australia-based SaaS company providing systems to lenders for managing the credit risk origination process.

Expansion of our platforms into regions outside of China may expose us to additional risks, including:

- challenges associated with relying on local partners in markets that are not as familiar to us, including local joint venture partners to help us establish our business;
- increased demands on our management's time and attention to deal with potentially unique issues arising from local circumstances;

- potentially adverse tax consequences from operating in multiple jurisdictions;
- complexities and difficulties in obtaining protection and enforcing our intellectual property in multiple jurisdictions;
- the burden of compliance with additional regulations and government authorities in highly regulated industries; and
- general economic and political conditions internationally.

Risks Relating to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to our variable interest entities and their subsidiaries 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.

We are a Cayman Islands company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with PRC laws and regulations, we set up a series of contractual arrangements entered into among Sky City (Beijing) Technology Co., Ltd., or Sky City Beijing, Pintec (Beijing) Technology Co., Ltd., or Pintec Beijing, our variable interest entities, and their shareholders to conduct our operations in China. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Our Variable Interest Entities." As a result of these contractual arrangements, we exert control over our variable interest entities and their subsidiaries and consolidate their operating results in our financial statements under U.S. GAAP.

Foreign ownership of internet-based businesses, such as distribution of online information and other value-added telecommunication services, are subject to restrictions under current PRC laws and regulations. For example, as provided in the Special Management Measures for Foreign Investment Access (Negative List) (2019 version), foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider with certain exceptions relating to e-commerce business, 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 Provisions on the Administration of Foreign Invested Telecom Enterprise. Our online mutual fund distribution platform, Hongdian, which is operated by Beijing Hongdian, our variable interest entity, has obtained certain value-added telecommunications service license for its operations from the Beijing Administration of Telecommunications in March, 2018, which will remain valid until June 2021.

Under current PRC laws and regulations, foreign-invested companies engaged in the onshore insurance brokerage business are subject to stringent requirements compared with Chinese domestic enterprises. Specifically, according to the Notice of the China Insurance Regulatory Commission on Printing and Distributing Insurance-related Contents of Legal Documents Concerning China's Accession to WTO issued by the China Insurance Regulatory Commission on March 12, 2002, the foreign investors of foreign-invested insurance brokerage companies are required to have, among other things, at least US$200 million of total assets and at least a 30-year track record in the insurance business. Our PRC subsidiaries and their subsidiaries may not in practice meet all the requirements. These requirements have been cancelled according to the Opinions of the State Council on Furthering Effective Use of Foreign Capital promulgated by the State Council on October 30, 2019, but due to a lack of further guidance from the CBIRC on the enforcement of these opinions, it remains uncertain whether any of our PRC subsidiaries or their subsidiaries is permitted to engage in the onshore insurance brokerage business. Myfin Insurance Broker Co., Ltd., or Beijing Myfin, a subsidiary of one of our variable interest entities, Pintec Jinke (Beijing) Technology Information Co., Ltd., or Beijing Jinke, has obtained the license for insurance brokerage issued by the Beijing Bureau of the CBIRC, which allows Beijing Myfin to conduct onshore insurance brokerage business within the territory of the PRC and will remain valid until June 2022. Current PRC regulations relating to foreign investments in the onshore insurance brokerage business in China do not contain detailed explanations and operational procedures, and are subject to interpretations by relevant governmental authorities in China. However, most of these regulations have not been interpreted by the relevant authorities in the context of a corporate structure similar to ours. Therefore, there are substantial uncertainties regarding the applicability of these regulations to our business. Moreover, new regulations may be adopted and interpretations of existing regulations may develop and change, which may materially and adversely affect our ability to conduct our onshore insurance brokerage business.

Under current PRC laws and regulations, there is no explicit restriction or prohibition for foreign-invested companies to be engaged in fund distribution business. However, in practice, the CSRC, which has significant discretion to interpret and implement these statutory provisions, actually hesitates in issuing fund distribution licenses to foreign-invested companies. As a result, it is difficult for our PRC subsidiaries or their subsidiaries, as foreign-invested companies and subsidiaries of foreign-invested companies to apply for a fund distribution license. Our variable interest entity Beijing Hongdian, has obtained the license relating to the publicly raised securities investment fund distribution business issued by the CSRC, which allows Beijing Hongdian to conduct both publicly raised securities investment fund distribution business and privately-raised investment fund distribution business. Current PRC regulations relating to foreign investments in the fund distribution business in China do not contain detailed explanations and operational procedures, and are subject to interpretations by relevant governmental authorities in China. However, most of these regulations have not been interpreted by the relevant authorities in the context of a corporate structure similar to ours. Therefore, there are substantial uncertainties regarding the applicability of these regulations to our business. Moreover, new regulations may be adopted and interpretations of existing regulations may develop and change, which may materially and adversely affect our ability to conduct our fund distribution business, and the robo-advisory service business, in most cases, provided by Xuanji Intelligence (Beijing) Technology Co., Ltd. to Beijing Hongdian according to the business cooperation.

In the opinion of our PRC counsel, Shihui Partners, the ownership structures of Sky City Beijing, Pintec Beijing, and our variable interest entities, currently do not result in any violation of the applicable PRC laws or regulations currently in effect; and the contractual arrangements among Sky City Beijing, Pintec Beijing and our variable interest entities and their shareholders, are governed by PRC laws or regulations, and are currently valid, binding and enforceable in accordance with the applicable PRC laws or regulations currently in effect, and do not result in any violation of the applicable PRC laws or regulations currently in effect, except that the equity pledge under (i) the equity pledge agreement entered into among Pintec Beijing, Beijing Hongdian and its shareholders and (ii) the equity pledge agreement entered into among Pintec Beijing, Xinshun Dingye and Xinshun Dingye’s shareholder would not be deemed validly created until it is registered with the competent government authorities. However, Shihui Partners 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 or if adopted, what they would provide. In March 2019, the National People’s Congress passed the PRC Foreign Investment Law, which became effective as of January 1, 2020. For the effect of the PRC Foreign Investment Law on us, see “—Risks Relating to Doing Business in China—Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.”

If the ownership structure, contractual arrangements and business of our company, our PRC subsidiaries or our variable interest entities are found to be in violation of any existing or future PRC laws or regulations or the stringent regulatory requirements applicable to foreign-invested companies engaged in relevant business, 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 or failures, including, without limitations, levying fines, confiscating our income or the income of our PRC subsidiaries, variable interest entities or their subsidiaries, revoking the business licenses and/or operating licenses of such entities, shutting down our servers or blocking our online platforms, 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 initial public offering 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 Myfin Beijing, Beijing Hongdian, our other variable interest entities and their subsidiaries that most significantly impact its economic performance or to receive economic benefits from Beijing Myfin, Beijing Hongdian, our other variable interest entities and their subsidiaries, we may not be able to consolidate Beijing Myfin, Beijing Hongdian, our other variable interest entities and their subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

We rely on contractual arrangements with our variable interest entities and their shareholders, 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 variable interest entities and their shareholders to operate our business activities. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Our Variable Interest Entities." These contractual arrangements may not be as effective as direct ownership in providing us with control over our variable interest entities and their subsidiaries. For example, our variable interest entities or their shareholders may fail to fulfill their contractual obligations with us, by, among other things, failing to maintain our website 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 variable interest entities, we would be able to exercise our rights as shareholders to effect changes in their board of directors, 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 variable interest entities and their shareholders of their obligations under the contractual arrangements to exercise control over our variable interest entities and their subsidiaries. The shareholders of our variable interest 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 intend to operate certain portion of our business through the contractual arrangements with our variable interest entities and their shareholders. Although we have the right to replace any shareholder of such 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 in the PRC legal system. Therefore, our contractual arrangements with our variable interest entities and their shareholders may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

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

We have entered into a series of contractual arrangements with our variable interest entities and their shareholders. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Our Variable Interest Entities." If our variable interest entities or their shareholders 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 variable interest entities were to refuse to transfer their equity interests in such 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 action 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. 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 the 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 variable interest entities and their subsidiaries, and our ability to conduct our business may be negatively affected. See "—Risks Relating to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us."

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

The equity interests of each of our variable interest entities are held, directly or indirectly, by one or more of Ms. Xiaomei Peng, Mr. Wei Wei, Mr. Wei Hu, Mr. Hao Dong, Mr. Bingqing Chen and Mr. Yudong Zheng. These shareholders may have potential conflicts of interest with us. These shareholders may breach, or cause our variable interest entities to breach, the existing contractual arrangements, which would have a material adverse effect on our ability to effectively control our variable interest entities and their subsidiaries and receive economic benefits from them. For example, these shareholders may be able to cause our agreements with our variable interest 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 agreements with these shareholders to request them to transfer all of their equity interests in our variable interest entities to a PRC entity or individual designated by us, to the extent permitted by PRC laws. If we cannot resolve any conflict of interest or dispute between us and these shareholders, 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 variable interest entities, may be subject to scrutiny by the PRC tax authorities and they may determine that we, or our variable interest entities and their subsidiaries, 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 Enterprise Income Tax Law requires 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 Sky City Beijing, Pintec Beijing, our variable interest entities and their shareholders 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 income of our variable interest entities 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 variable interest entities for PRC tax purposes, which could in turn increase their tax liabilities without reducing Sky City Beijing or Pintec Beijing’s tax expenses. In addition, if Sky City Beijing or Pintec Beijing requests the shareholders of our variable interest entities to transfer their equity interests at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject Sky City Beijing or Pintec Beijing to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on our variable interest entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially adversely affected if our variable interest 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 benefit from assets held by our variable interest entities that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

Our variable interest entities hold certain assets that are material to the operation of our business, including, among others, intellectual properties, hardware and software. Beijing Hongdian holds our value-added telecommunication business license and the license relating to the publicly raised securities investment fund distribution business. Beijing Myfin, a subsidiary of one of our variable interest entities, holds our license for insurance brokerage business. Under the contractual arrangements, our variable interest entities may not, and the shareholders of our variable interest 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 these shareholders breach these contractual arrangements and voluntarily liquidate our variable interest entities, or our variable interest 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 adversely affect our business, financial condition and results of operations. If our variable interest entities undergo a voluntary or involuntary liquidation proceeding, the 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.

Risks Relating to Doing Business in China

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.

Substantially all of our operations are located in China. Accordingly, 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 are still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

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

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 the online consumer finance and wealth management 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 noncompliant activities under the applicable laws and regulations, the PRC government authority may promulgate the other new laws and regulations regulating the online consumer finance and wealth management industries in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to online consumer finance and wealth management. Moreover, developments in the online consumer finance and wealth management industries 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 wealth management platforms, online mutual fund distribution platforms and technology platforms enabling financial services provider 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.

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

In March 2019, the National People's Congress passed the PRC Foreign Investment Law, which became effective as of January 1, 2020. The PRC Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Laws on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. Meanwhile, the Implementation Regulations on the Foreign Investment Law, which was promulgated by the State Council in December 2019 and came into effect on January 1, 2020, further clarified and elaborated the relevant provisions of the Foreign Investment Law.

We set up a series of contractual arrangements among our subsidiaries in the PRC, our variable interest entities and their shareholders to obtain the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "—Risks Relating to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure." While the PRC Foreign Investment Law stipulates certain forms of foreign investment, it does not explicitly stipulate the variable interest entity structure as a form of foreign investment.

Notwithstanding the above, the PRC Foreign Investment Law stipulates that foreign investment includes "foreign investors investing in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council". Therefore, it is possible that future laws, administrative regulations, or provisions prescribed by the State Council may stipulate the variable interest entity structure as a form of foreign investment, in which case it is uncertain whether our contractual arrangements will be recognized as foreign investment, whether our contractual arrangements will be deemed to be in violation of the foreign investment access requirements and whether any further actions shall be taken to our contractual arrangements.

If our contractual arrangements are regarded as invalid and illegal, or if we are not able to complete any actions that might be required to prevent them from being regarded as invalid or illegal, we would not be able to (i) continue our business in China through our contractual arrangements with our variable interest entities and their subsidiaries, (ii) receive the economic benefits of our variable interest entities and their subsidiaries under such contractual arrangements, or (iii) consolidate the financial results of our variable interest 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 would decline.

In addition, the PRC Foreign Investment Law may also materially impact our corporate governance practices and increase our compliance costs. For example, the PRC Foreign Investment Law imposes certain information reporting requirements on foreign investors or the applicable foreign investment entities. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Foreign Investment."

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 variable interest entities and their subsidiaries, in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us.

Under PRC laws and regulations, our wholly foreign-owned subsidiaries 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 certain optional reserve funds. These statutory and optional reserve funds are not distributable as cash dividends.

In response to the persistent capital outflow and the Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange, or 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.

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 initial public offering 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 filing or registration with the relevant governmental authorities in China. In addition, any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and each of our PRC subsidiaries may not procure loans which exceed its statutory limit. Any medium or long-term loan to be provided by us to our variable interest entities must be recorded and registered by the National Development and Reform Committee and SAFE or its local branches. We may not complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of our initial public offering 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. In addition, SAFE regulations prohibit foreign-invested enterprises from using Renminbi funds converted from its foreign exchange capital for expenditure beyond their business scope, investment and financing (except for security investment or guarantee products issued by banks), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for their own use. These regulations may significantly limit our ability to transfer to and use in China the net proceeds from our initial public offering, 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.

Substantially all of our revenue and costs are denominated in Renminbi and our reporting currency is Renminbi. Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would reduce the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of paying dividends or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amount available to us.

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

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our operating revenues in Renminbi. Under our current corporate structure, our holding 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 or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and variable interest entities to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion further restrict access to foreign currencies in the future 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. As of the date of this annual report, we have made employee benefit payments and withheld individual income tax. However, as the interpretation and implementation of labor-related laws and regulations are still uncertain and evolving in China, with respect to the underpaid employee benefits, we may be required by the relevant governmental authorities to make additional contributions to these plans as well as to pay late fees and fines; with respect to the underwithheld individual income tax, we may be required by the relevant governmental authorities to make additional withholding and pay late fees and fines. If we are subject to late fees or fines in relation to the aforementioned additional employee benefits and individual income tax, our financial condition and results of operations may be adversely affected.

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, originally adopted by six PRC regulatory agencies in 2006, 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 in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the Ministry of Commerce shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the Ministry of Commerce that became effective in 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 Ministry of Commerce, 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 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 Ministry of Commerce or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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.

SAFE promulgated the Circular on Relevant Issues Relating to PRC Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or Circular 37, in 2014, which requires PRC residents or 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 residents or entities 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 residents or entities, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. In 2015, SAFE released the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or Circular 13, which has amended Circular 37 by requiring PRC residents or entities to register with qualified banks rather than 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.

If our shareholders who are PRC residents or entities do not complete their registration as required, 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.

Mr. Wei Hu, Mr. Hao Dong, Mr. Yuyang Li, Mr. Wei Wei, Ms. Xiaomei Peng, and Mr. Jun Dong, who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents, have completed the foreign exchange registrations in accordance with Circular 37. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the requirements of Circular 37. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, Circular 37. Failure by such shareholders or beneficial owners to comply with Circular 37, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities and 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 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 citizens, subject to limited exceptions, 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 Companies, promulgated by SAFE in 2012. PRC citizens and non-PRC citizens who reside in China for a continuous period of no less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC 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 no less than one year and who have been granted stock options have been subject to these regulations since our company became an overseas listed company upon the completion of our initial public offering. 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—Regulations—Regulations Relating to Foreign Currency Exchange—Share Option Rules."

The State Administration of Taxation 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—Regulations—Regulations Relating to Foreign Currency Exchange—Share Option Rules."

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 Enterprise Income Tax Law and its implementation rules, enterprises that are registered in countries or regions outside the PRC but have their "de facto management bodies" located within China may be considered as PRC resident enterprises and are therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. For detailed discussions of applicable laws, regulations and implementation rules, see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Tax—Enterprise Income Tax."

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Tax." However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." 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 Pintec Technology Holdings Limited or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then Pintec Technology Holdings Limited or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide 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, dividends that we pay and gains realized on the sale or other disposition of our ADSs or ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such dividends or gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

We may not be able to obtain certain tax benefits for dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiaries.

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate on dividends paid by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Tax—Dividend Withholding Tax." 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 that 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 Sky City Hong Kong Limited and Next Hop Hong Kong Limited, our Hong Kong subsidiaries.

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

According to the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises, or Circular 7, promulgated by the State Administration of Taxation in 2015, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in a public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and the indirect equity transfer will be treated as a direct transfer. As a result, the gain derived from such transfer, which means the equity transfer price minus the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%. Under the terms of Circular 7, a transfer which meets all of the following circumstances shall be directly deemed as having no reasonable commercial purposes: (i) over 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties; (ii) at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territory, or in the year before the indirect transfer, over 90% of the offshore holding company's revenue is directly or indirectly derived from PRC territory; (iii) the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; and (iv) the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

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 Circular 7. 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 Circular 7. As a result, we may be required to expend valuable resources to comply with Circular 7 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.

Risks Relating to Our ADSs

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

Since the ADSs became listed on the Nasdaq Global Market on October 24, 2018, the trading price of the ADSs has ranged from US$15.10 to US$0.40. The trading price of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services and solutions, or the industries in which we operate;
- additions or departures of key personnel;
- release of transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

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

If securities or industry analysts do not publish research or reports about our business, or if they publish critical or negative research or reports or otherwise recommend that investors not purchase our ADSs, the trading volume and market price for our ADSs could decline and we may find it difficult to raise additional capital.

The trading market for our ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If securities or industry analysts do not publish research or reports about our business, then we could lose visibility in the financial markets, institutional investors may not be willing to invest in our ADSs, and it would be more difficult for us to raise additional capital through the capital markets. If analysts publish critical or negative research or reports about our business or industry or otherwise recommend that investors not purchase our ADSs, the trading volume and market price for our ADSs would likely decline.

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

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. We have 251,028,277 Class A ordinary shares and 50,939,520 Class B ordinary shares outstanding as of February 25, 2020, including 187,865,832 Class A ordinary shares represented by ADSs. All of our ADSs are freely tradable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act. The lockup agreement that our directors and executive officers and all of our pre-IPO shareholders signed with the underwriters of our initial public offering expired on April 23, 2019, and these shareholders, and the remaining Class A ordinary shares are available for sale subject to volume and other restrictions under Rule 144 and Rule 701 under the Securities Act. To date, the trading volume of our ADSs on the Nasdaq Global Market has been low, so sales of even relatively small amounts of our ADSs in the public market could adversely affect the market price of our ADSs. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

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

We have a dual-class share structure. Our ordinary shares consist of Class A ordinary shares and Class B ordinary shares, and our ADSs represent Class A ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class B ordinary shares are entitled to fifteen votes per share, subject to certain conditions, while holders of Class A ordinary shares are entitled to one vote 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 of Class B ordinary shares by a holder thereof to any person other than our three core founders, Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng, or to any entity which is not affiliated with any of the three core founders, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares. Each Class B ordinary share beneficially owned by any core founder is automatically converted into one Class A ordinary share if at any time the core founder ceases to be a director or employee of our company or ceases to have the capability to make business decisions on behalf of our company due to health reasons.

As of February 25, 2020, our three core founders, Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng, beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constitute approximately 18.3% of our total issued and outstanding share capital and 75.6% of the aggregate voting power of our total issued and outstanding share capital due to the disparate voting powers associated with our dual-class share structure. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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 complete discretion as to whether to distribute dividends. 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.

We are likely classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company’s unbooked intangibles associated with active business activity are taken into account as non-passive assets.

In addition, 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 unclear, we treat our variable interest entities as being beneficially owned by us for U.S. federal income tax purposes because we control their management decisions, we are entitled to substantially all of the economic benefits associated with these entities, and, as a result, we consolidate their results of operations in our U.S. GAAP financial statements.

We believe our income from and assets used in the installment-sale business are treated as passive under the PFIC provisions. Based on our current income and assets and the value of our ADSs, it is likely that we were classified as a PFIC for our taxable year ended December 31, 2019. Accordingly, U.S. Holders should consult their tax advisors regarding the advisability of making a mark-to-market election (as described in "Item 10. Additional Information—E. Taxation—United States Federal Income Tax—Passive Foreign Investment Company Rules"). Even if we are not currently a PFIC, changes in the nature of our income or assets, or fluctuations in the market price of our ADSs, may cause us to become a PFIC for future taxable years. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization, which may fluctuate over time. Among other factors, if our market capitalization declines, we may be or become classified as a PFIC for the current or future taxable years. Under circumstances where revenues from our installment sale business or other activities that produce passive income increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase. In addition, if it were determined that that we are not the beneficial owner of our variable interest entities for U.S. federal income tax purposes, we may be treated as a PFIC for our current taxable year and in future taxable years.

If we are classified as a PFIC for any year during which a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations") holds our ADSs or ordinary shares, such U.S. Holder may incur significantly increased U.S. federal income tax on gain recognized on the sale or other disposition of our ADSs or ordinary shares and on the receipt of distributions on our 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. If we are so classified during a U.S. Holder's holding period, our ADSs or ordinary shares will generally continue to be treated as shares in a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares, even if we cease to be a PFIC, unless certain elections are made. See the discussion under "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules" concerning the U.S. federal income tax considerations of an investment in our ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making certain elections.

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

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

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

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2020 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 responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from 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 responsibilities 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 or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our 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 motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. Currently, we do not rely on the home country exemption for corporate governance matters. To the extent that we do rely on the home country exemption for corporate governance matters in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq Stock Market Rules' corporate governance listing standards applicable to U.S. domestic issuers. 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 U.S. domestic public companies."

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.

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

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

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

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company until the fifth anniversary from October 24, 2018.

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. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies, and as a result of this election our financial statements may not be comparable to those of companies that comply with public company effective dates, including other emerging growth companies that have not made this election.

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.

Because we are 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 of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- 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 through press releases, distributed pursuant to the rules and regulations of the Nasdaq Global 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 than 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.

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

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is 10 days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. 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 vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

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 vote at shareholders' meetings, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs on any matter at a shareholder meeting provided that we give the depositary a written confirmation sufficiently in advance of the meeting that:

- we wish a proxy to be given to a person of our choice,
- we reasonably do not know of any substantial opposition to the matter, and
- the matter is not materially adverse to the interests of shareholders.

The effect of this discretionary proxy is that if you do not vote at shareholders' meetings, you cannot prevent our Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares other than the depositary are not subject to this discretionary proxy.

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

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

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

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

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 plaintiffs 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 law. 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 depositors 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 and the depositary. If a lawsuit is brought against either or both of us and 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 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 and the depositary. If a lawsuit is brought against either or both of us and 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, including results that could be less favorable to the plaintiffs 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.

Item 4. Information on the Company

A. History and Development of the Company

We commenced our business in June 2015 as a business unit within our predecessor, Jimu Holdings Limited, formerly known as Pintec Holdings Limited, which is a British Virgin Islands holding company. Our predecessor had launched a peer-to-peer lending business in July 2012. We refer to this business as the Jimu business. Beginning in 2015, our predecessor started to diversify its business by offering various lending and wealth management solutions to business partners, financial partners and end users. It launched Dumiao, our lending solutions platform, in June 2015 and commenced a wealth management business by launching the Hongdian platform in September 2015 and the Polaris platform in June 2016. In 2016, in order to focus on developing an independent technology platform that enables financial services as its core competency, the shareholders initiated a restructuring and reorganization of Pintec Holdings Limited by separating our business and the Jimu business and consolidating them into separate entities. Our holding company in the Cayman Islands, Pintec Technology Holdings Limited, was incorporated in March 2017.

We have been operating our financing solutions business separately from Jimu Group's peer-to-peer funding business since June 2015, and we have been operating our company substantially as a stand-alone company since September 2016. However, Jimu Group has been a significant financial partner of ours and we collaborate with Jimu Group to provide services to end users of the platform.

In December 2017, we entered into a share purchase agreement, a shareholders agreement and other transaction documents with the existing shareholders of our predecessor to issue and distribute our shares to them in proportion to our predecessor's then shareholding structure. We also entered into agreements with Jimu Group that set forth provisions relating to the transfer of assets between us and Jimu Group, change of employment relationships and the restructuring and reorganization of our and Jimu Group's subsidiaries and variable interest entities in China. Our pre-IPO reorganization was completed in March 2018.

On October 24, 2018, our ADSs commenced trading on the Nasdaq Global Market under the symbol "PT." We raised approximately US$40.7 million in net proceeds from our initial public offering, after deducting underwriting commissions and the offering expenses payable by us, including the net proceeds we received from the underwriters' partial exercise of their over-allotment option.

In December 2018, we established Pintec Solutions Pte. Ltd. in Singapore as the headquarters for our international business expansion. We also acquired Anxunying (Tianjin) Commercial Factoring Co., Ltd. from Jimu Group in the same month.

We acquired control of Beijing Xinshun Dingye Technology Co., Ltd., or Xinshun Dingye, in January 2019. Xinshun Dingye became the major shareholder of Beijing Hongdian in January 2019. Xinshun Dingye is one of our variable interests entities and has executed new VIE agreements with Beijing Hongdian.

In February 2019, we established Pintec Digital Technology (Beijing) Co., Ltd. to provide SaaS solutions to institutions, including financial institutions.

In March 2019, we purchased 100% of the equity of Ganzhou Aixin Network Micro Finance Co., Ltd (formerly known as Ganzhou Jimu Micro Finance Co., Ltd.), or Ganzhou Aixin Micro Finance, from Jimu Group. The purchase price of RMB230 million (US$33.5 million) was netted against amounts due to us from Jimu Group. The purchase price was supported by a fairness opinion issued by a third-party valuer. Because Ganzhou Aixin Micro Finance holds a license to operate a small loan business, we believe that we can use this entity to develop and operate pilot programs for new service offerings to complement our existing services offerings. The addition of small loan services to our service scope will also allow us to further enhance our data collection capabilities and provide our partners and customers with more robust financial solutions going forward.

In April 2019, we acquired Infrarisk Pty Limited, an Australia-based SaaS company providing systems to lenders for managing the credit risk origination process.

In May 2019, we established Pintec Yunke (Ganzhou) Information Technology Co., Ltd. for the purpose of providing information services to institutions, including financial institutions.

In December 2019, we formed Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership), a limited partnership between Pintec Ganzhou Technology., Ltd., which is our wholly-owned subsidiary, and Yinchuan Xingyin Investment Fund Partnership, which is jointly owned by the Yinchuan municipal government in Ningxia and the Yinchuan Economic and Technological Development Zone. Through this partnership, we will cooperate with Yinchuan Xingyin Investment Fund Partnership in the area of financial solutions and technology.

On April 30, 2020, Pintec Beijing, Xuanji Intelligence (Beijing) Technology Co., Ltd., or Beijing Xuanji, and Beijing Xuanji's two nominee shareholders entered into an agreement to terminate the VIE agreements entered into during the Reorganization. Immediately after this termination agreement, Beijing Xuanji's two nominee shareholders transferred 80% and 20% of Beijing Xuanji's equity interests to a third party and Shenzhen Xiaogang Technology Co., Ltd, or Shenzhen Xiaogang., respectively. Meanwhile, this third party entered into a two-years concerted action agreement to vote in accordance with Shenzhen Xiaogang's decision. The consideration for the 80% of Beijing Xuanji's equity transfer to the third party was RMB24 million.

Our principal executive offices are located at 9/F Heng An Building, No. 17 East 3rd Ring Road, Chaoyang District, Beijing, People's Republic of China. Our telephone number at this address is +86 (10) 8564-3600. Our registered office in the Cayman Islands is located at the offices of International Corporation Services Ltd., P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711.

B. Business Overview

Overview

We are a leading independent technology company enabling financial services in China. We connect business partners and financial partners on our open platform and enable them to provide financial services to end users efficiently and effectively. We empower our business partners by providing them with the capability to add a financing option to their product offerings. We help our financial partners adapt to the new digital economy by enabling them to access the online population that they could not otherwise reach efficiently or effectively.

Our Network of Partners

We refer to those partners who provide access to end users as our business partners, and those partners who provide financial products as our financial partners. Partners that are financial partners in one context may be business partners in another. For example, a financial service provider that provides loans to consumers through our online consumer finance platform is a financial partner in that role, but the same financial service provider would also be a business partner if its customers registered on Hongdian to purchase wealth management products.

We have rapidly expanded our scale and built a valuable, diverse and broad network of both business and financial partners since our inception to 2018. In 2019, we deepened our cooperation with certain business partners that have a large number of online visitors and high-quality end users. Our solutions combine diversity on both sides, enabling us to meet a wide range of needs and creating a strong network effect for our business and financial partners as well as for their users.

Our Business Partners

We have 56 business partners as of December 31, 2019, including both online and offline businesses and both consumer-facing and business-facing ones. We cover a wide range of industry verticals including online travel, e-commerce, telecommunications, online education, SaaS platform, financial technology, internet search, and online classifieds and listings. We provide point-of-sale lending solutions to 17 business partners, including Qunar, Ctrip, BestPay and Vip.com. In addition, we provide personal installment lending solutions to 4 business partners, including Qunar, and SME lending solutions to 12 business partners. As of December 31, 2019, we provide wealth management solutions to 18 business partners, including Xiaomi, Dajia Finance and Minsheng Securities. Several of our partners have adopted multiple types of solutions, and as we deepen our relationships with our partners, we expect more of them to do so. The extent of our cooperation ranges from channel partnership and user acquisition to end-to-end full-service solutions. Because our business partners' end users constitute the pool of potential borrowers for the loans that we facilitate, we are selective in our choice of business partners in order to maintain quality and manage risk.

Our Financial Partners

We have 89 financial partners as of December 31, 2019. These include 14 lending solutions partners, 73 wealth management partners and 2 insurance solution partners.

Lending solutions partners. Lending solutions partners provide the funds for the loans that we facilitate.

Jimu Box, which is the online consumer finance platform operated by Jimu Group, was the single largest funding source for loans facilitated through our platform since our inception to 2018. Jimu Box was the funding source for 81% of the outstanding loans facilitated through our platform as of December 31, 2017, 62% of the outstanding loans as of December 31, 2018 and 24% of the outstanding loans as of December 31, 2019. Funding from Jimu Box decreased significantly in 2019. In the fourth quarter of 2019, Jimu Box's funding accounted for less than 5% of the total loans that we facilitated. For our relationship with Jimu Box and the Jimu Group in general, see "Item 4. Information on the Company—C. Organizational Structure—Our Relationship with Jimu Group." We do not cooperate with any other online consumer finance platforms aside from Jimu Box.

A number of financial partners provide funding directly to borrowers for loans that we facilitate, including China National Investment & Guaranty Corporation and Industrial Consumer Finance Co., Ltd. Financial partners providing non-structured direct funding were the funding source for only 6% of the outstanding loans facilitated through our platform as of December 31, 2017, but this increased to 25% of the outstanding loans as of December 31, 2018 and further to 62% of the outstanding loans as of December 31, 2019. Direct funding is now the largest source of funds for the point-of-sale installment loans facilitated through our platform. Ganzhou Aixin Micro Finance, a licensed micro finance company which we purchased from Jimu Group in March 2019, also provides certain financing for personal installment loans. We also have entered into strategic business cooperation with Fullerton Credit, a group of micro loan companies wholly owned by Fullerton Financial Holdings Pte. Ltd.

We have worked with a variety of financial partners such as Yunnan Trust and Jiaochuang Investment on trusts and other structured finance since 2017. Trusts and other structured finance were the funding source for 9% of the outstanding loans facilitated through our platform as of December 31, 2017, 10% of the outstanding loans as of December 31, 2018 and 11% of the outstanding loans as of December 31, 2019. The trusts are administered by third-party trust companies and they invest in personal and business installments loans that we recommend. We purchase subordinated tranches to provide credit support. The financing receivables due from the borrowers of the personal and business installment loans and the loan payables to the third party investors of the trust units are recorded on our balance sheet as financing receivables and funding debts, respectively. Trusts and other structured finance were an important source of funding for us in 2017, 2018 and 2019.

CITIC Securities has worked with us on the issuance of public asset-backed securities for which the underlying assets are the receivables from point-of-sale installment loans. In June 2017, we successfully issued Dumiao-Qunar consumer finance asset-backed securities through the Shanghai Stock Exchange, which was one of the first public asset-backed securities issued by a technology service provider in the online consumer finance industry in China. We purchased the most subordinated tranche to provide credit support. These public asset-backed securities were the funding source for 4% of the outstanding loans facilitated through our platform as of December 31, 2017, but we have not issued any public asset-backed securities since that time.

The table below sets forth the funding from different types of financial partners for our lending solutions in terms of outstanding loans as at December 31, 2017, 2018 and 2019:

	As of December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
	(in thousands)			
Online consumer finance platform	4,742,261	3,593,302	801,676	115,154
Non-structured direct funding	338,851	1,479,166	2,041,729	293,276
Trusts and other structured finance	531,842	592,642	359,981	51,708
Public asset-backed securities	256,643	—	—	—
Unsecured general loan and others(1)	18,110	137,924	98,511	14,150
Total	5,887,707	5,803,034	3,301,897	474,288

(1) Others includes receivables held by Ganzhou Aixin Micro Finance and Minheng before those receivables are funded by our financial partners and those receivables that have been delinquent within 90 days and repurchased by us but not yet written off.

Wealth management solutions partners. Our wealth management financial partners provide various mutual fund products and asset management products, accessible from our and our business partners' platforms. We enable our wealth management financial partners to distribute those products to the user bases of our business partners. Our 73 wealth management financial partners include such well-known names in China as Guangfa Asset Management, Guotai Asset Management and Penghua Fund Management. We distributed RMB2,080.6 million, RMB3,284.7 million and RMB1,466.2 million (US$210.6 million) of wealth management products as measured by total value in 2017, 2018 and 2019, respectively, by means of our wealth management solutions. We provide financial solutions that enable our financial partners to efficiently expand the scope of their products and services and extend them to a wider user base.

End Users

Most end users are the customers of our business partners who have borrowed loans, invested in wealth management products or purchased insurance products from our partners through one of the solutions that we provide to our partners. We also have a small number of end users who have come to us through word of mouth and access loans from our lending solutions partners through our own traffic entry points. We refer to those end users who borrow loans from our lending solutions partners utilizing one of our lending solutions as borrowers, and those end users who invest in financial products offered by our wealth management solutions partners utilizing our wealth management solutions as investors.

Borrowers

We facilitate loans by our lending solutions partners primarily to individuals. We apply advanced credit assessment models to profile loan applicants and allocate the approved cases to our lending solutions partners according to their risk appetite. We are also expanding our lending solutions to help our lending solutions partners target SMEs and their owners. From our inception through December 31, 2019, we have facilitated a cumulative total of approximately RMB46.0 billion (US$6.6 billion) in loans by our lending solutions partners. The cumulative number of borrowers who have utilized the solutions we provide to our lending solutions partners has grown to more than 6.7 million as of December 31, 2019.

A geographically diverse set of borrowers stretching across 474 cities and counties in China has borrowed loans from our lending solutions partners using our solutions. The top three cities in terms of borrowers accounted for only approximately 4% of all such borrowers as of December 31, 2019. Approximately 39.1 million individuals have registered on our system with their name, government-issued identification number and mobile phone number. According to the information provided to us by these individuals, approximately 50% are between the ages of 22 and 30 and another 25% are between the ages of 30 and 35.

Investors

We have experienced initial success in terms of both the number of investors and the investment amount per investor since we launched Hongdian and Polaris. As of December 31, 2019, over 200,000 cumulative retail investors on Hongdian and Polaris have made transactions on our platforms, with an average amount under management of over RMB5,080 (US$730) per user.

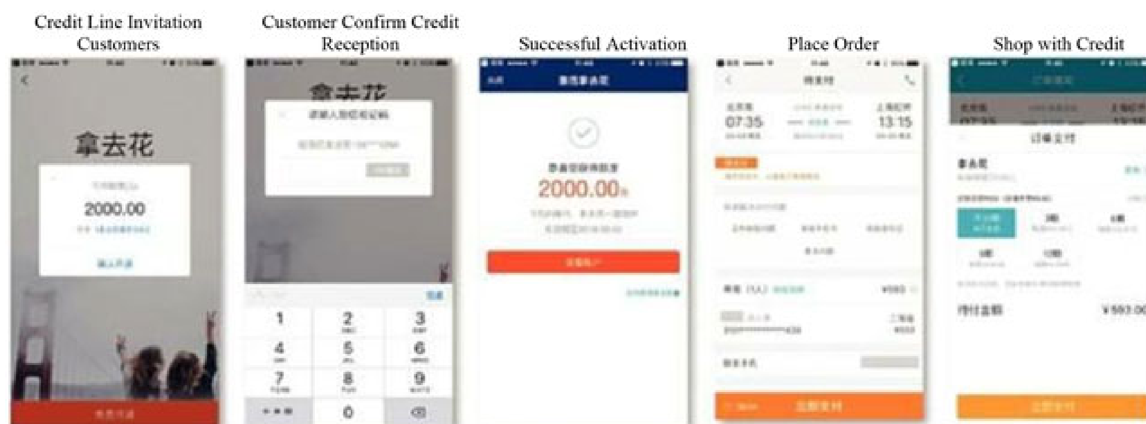
Our Financial Solutions

We offer five types of solutions that are tailored to the needs of our business and financial partners: point-of-sale installment loan, personal installment loan, business installment loan, wealth management and insurance. These solutions and services in turn serve the credit needs and investment demands of our partners' users. We implement these solutions through a comprehensive set of modules that can be seamlessly integrated with the operations and systems of our business partners and financial partners through application programming interfaces, or APIs, and software development kits, or SDKs. Our partners can adopt our solutions to provide financial services as a white label solution, through co-branding or under our own brands, allowing them to leverage our expertise while focusing on their own core businesses.

Point-of-sale Financing Solutions

We offer point-of-sale financing solutions to our business partners on their platforms or on our own platform under the "Dumiao" brand.

Our point-of-sale financing solutions enable our business partners to make installment purchase loans available to their customers. Our point-of-sale lending solutions facilitate the purchase of online travel products and services such as air tickets and hotel room reservations on travel sites such as Qunar and Ctrip, consumer products on e-commerce websites such as Vip.com and Shefenqi, and mobile devices and services such as Bestpay provided to China Telecom's customers. Our business partners typically integrate our lending solutions in the payment stage of a transaction, offering end users installment payment options when they satisfy our pre-screening procedures and certain criteria stipulated by our business partners. An end user who selects the installment payment option is guided through the application process and can use the approved credit line to finance his purchase from our business partner. End users have the option to choose different combinations of terms which are agreed with our business partners, and our system will automatically calculate monthly payments and service fees. In 2017, 2018 and 2019, the total volume of point-of-sale installment loans we facilitated was approximately RMB6.8 billion, RMB4.5 billion and RMB2.4 billion (US$0.3 billion), respectively. Our point-of-sale lending solutions function as a virtual credit card featuring a one-month interest free period and flexible installment terms. We believe such features are attractive to end users and enhance user experience. The weighted average APR for point-of-sale installment loans outstanding more than a month was 12.0% of the principal amount in 2019. The application process of point-of-sale installment loan products are easy and simple, supported by intuitive user interface. The following are screenshots of the application process for Qunar point-of-sale installment loans:



Personal Installment Loan Solutions

We offer personal installment loan solutions to our financial and business partners on our business partners' platforms or through our own traffic entry points. Our personal installment loan solutions enable our business partners to make unsecured personal credit available to their customers. All loans are funded by our lending solutions partners but end users access the loans through the mobile apps or websites of our business partners or our own traffic entry points. We help our lending solutions partners determine the amount of the credit line for each customer based on the result of our credit assessment. The initial credit line is typically between RMB500 (US$72) and RMB100,000 (US$14,364). As end users start building their credit history with us, they will gradually get access to higher credit lines and more favorable credit terms. Normally, each drawdown on the credit line must be individually approved, but we can provide solutions to our lending solutions partners that permit end users to draw down multiple loans without additional approval as long as the aggregate outstanding balance of the loans does not exceed the approved credit limit. The money is transferred to the user's bank account when the loan is drawn down. We charge our financial partners technical service fees. In 2019, approximately 517,000 customers were approved for personal installment loan credit lines with an average credit limit of approximately RMB13,322 (US$1,913.6) through solutions that we provided to lending solutions partners. The aggregate amount of credit lines approved was RMB25.8 billion, RMB53.2 billion and RMB60.3 billion (US$8.7 billion), and the amount outstanding was RMB4.1 billion, RMB3.8 billion and RMB2.2 billion (US$0.3 billion) as of December 31, 2017, 2018 and 2019, respectively.

We stopped facilitating offline personal installment loans in the fourth quarter of 2018.

Business Installment Loan Solutions

We offer business installment loan solutions to our business partners on their platforms or on our own platform under the "Dumiao" brand. Our business installment loan solutions enable our business partners to arrange financing for their customers. These business partners are typically online platforms that provide goods and services to sole proprietors and to small and medium enterprises (SMEs) and possess significant data about their customers which can inform credit assessment. These borrowers include both online merchants and owners of traditional enterprises in various industries such as manufacture, retail and wholesale, dining, transportation and other service industries. Such businesses usually have annual sales turnover up to RMB70 million (US$10.1 million). The loans are intended to be used for business purposes such as to expand operations, purchase inventory or meet day-to-day operational cash flow needs. The business installment loan products are unsecured and repayable in installments ranging from three months to 24 months, with loan size ranging from RMB1,000 (US$144) to RMB300,000 (US$43,092). Because we build our end-to-end solution and credit assessment system for business installment loans specifically to evaluate SME creditworthiness on the basis of our massive big data storage, an application is typically approved within 15 minutes, as compared to a few days or weeks by traditional financial institutions. The total volume of business installment loans we facilitated was approximately RMB569.6 million, RMB1,221.3 million and RMB781.6 million (US$112.3 million) for the years ended December 31, 2017, 2018 and 2019, respectively.

The table below sets forth certain information about the loans we have facilitated in 2019.

	Point-of-sale Installment Loans	**Personal Installment Loans**	**Business Installment Loans**
Loans facilitated	RMB2,448.4 million (US$351.7 million)	RMB7,784.0 million (US$1,118.1 million)	RMB781.6 million (US$112.3 million)
Outstanding loans as of December 31, 2019	RMB850.0 million (US$122.1 million)	RMB2,199.3 million (US$315.9 million)	RMB252.7 million (US$36.2 million)
Loan size	RMB500 to RMB100,000 (US$72 to US$14,364)	RMB500 to RMB100,000 (US$72 to US$14,364)	RMB1,000 to RMB300,000 (US$144 to US$43,092)
Average loan size(1)	RMB706 (US$101)	RMB7,454 (US$1,071)	RMB21,996 (US$3,160)
Loan term	1 to 24 months	3 to 12 months	3 to 24 months
Average loan term(2)	10.3 months	9.0 months	10.5 months
Weighted average APR(3)	12.0%	22.2%	18.2%

(1) Average loan size is calculated as the total amount of loans facilitated in the period divided by the total number of loans facilitated in the period.
(2) Average loan term is weighted by loan origination amount for each loan originated in the period.
(3) APR is the annualized percentage rate of all-in interest costs and fees to the borrower over the net proceeds received by the borrower. Weighted average APR is weighted by loan origination amount for each loan originated in the period. We do not charge any interest fees to customers who select a one-month loan term for our point-of-sale installment loans and these loans are excluded from the calculation of weighted average APR for point-of-sale installment loans.

[Table of Contents](#)

Wealth Management Solutions

Our wealth management solutions include asset sourcing, product distribution and robo-advisory modules.

Hongdian fund distribution solution. Our Hongdian solution enables our partners to offer and distribute mutual fund products to their customers, either under our Hongdian brand or as a white label solution. Registered end users can select a variety of mutual fund products through our platform's website and mobile applications or our partners' platforms, which are sourced from our financial partners. All of the mutual fund products that are available to retail investors on Hongdian are publicly listed for trading in China and are regulated by the CSRC. As of December 31, 2019, we have partnered with 73 fund management companies and listed over 3,200 different mutual fund products on Hongdian. The wealth management service fee primarily consists of commission fees charged to third-party asset management companies for participating in our online wealth management platform. We operate Hongdian through Beijing Hongdian, our variable interest entity, which possesses a brokerage license to conduct an investment fund sales business. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Fund Sales Business."

Polaris robo-advisory solution. We offer robo-advisory solutions under our Polaris brand to both financial partners and business partners, which they leverage to offer robo-advisory services to their customers. These solutions utilize assets both from Hongdian and from our partners.

We customize our robo-advisory services to the specific requirements of our business partners, such as risk-return parameters, asset allocation strategies, product offering mix, and target customer base and related specifics. These requirements are factored into the product and service designs and a customized wealth management solution for a particular business partner is designed and implemented. The assets are provided by the financial partners. Wealth management services are personalized for each retail investor through a similar process. By implementing wealth management solutions for a variety of different types of business partners, we can effectively leverage our business partners' presence in different business segments to enable our financial partners to connect to users that they would otherwise be unable to reach effectively. See "—Our Modules and Transaction Process—Wealth Management Solution Modules" for descriptions of user assessment and portfolio construction approach.

Leveraging big data analytics and machine learning capabilities, we continually refine our algorithms to evaluate the performance of the underlying financial assets in light of the applicable investment goals. Therefore, we are able to respond to changes in the market and adjust investment portfolios through target portfolio construction and advanced risk management techniques for end users either directly or through our business partners.

We charge investment management fees and portfolio rebalancing fees to users. As of December 31, 2019, we have facilitated transactions for over 200,000 cumulative unique investors through our wealth management solutions with a cumulative transaction amount of RMB7.3 billion (US$1.1 billion), as compared to over 195,000 cumulative unique investors and a cumulative transaction amount of RMB5.8 billion as of December 31, 2018.

Insurance Solutions

Myfin insurance solution. We launched our Myfin solution in July 2016. Myfin enables our partners to offer and distribute insurance products to users of our Dumiao App under our Myfin brand. We are still in the early stages of developing this business. We had insurance premiums of RMB8 million (US$1 million) and served 105 thousand end users in 2019, as compared to insurance premiums of RMB12 million and 150 thousand end users in 2018. As of December 31, 2019, we provide insurance solutions to two insurance companies, as compared to four insurance companies as of December 31, 2018. We introduced new business partners and cooperation models for the insurance brokerage business in 2019, resulting in a significant increase in both revenues and costs as compared to in 2018. We operate Myfin through our variable interest entity Beijing Myfin, a subsidiary of which possesses an insurance brokerage license. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Insurance Brokerages."

Value Added Tools

We provide value added tools to our business partners and financial partners to enable them to quickly deploy our solutions, monitor and evaluate performance and scale their business. We have pre-designed and ready-to-use mobile product templates that can be seamlessly integrated with their existing ecosystem and product features. They can also be customized to account for a variety of factors, such as consumption scenarios and target customers, to ensure a smooth application process and superior user experience. With our big data analytics capabilities, we offer digital marketing tools to our business and financial partners to precisely target users, implement intelligent digital marketing activities and increase marketing efficiencies and effectiveness. Our real time monitoring tools provide comprehensive yet highly visualized performance monitoring interface. We track liquidity and risk performance of loan applications and loan portfolio, as well as general business operation data, and present the information in a simple and transparent way to our partners.

Our Big Data Storage and Computation System

Our proprietary big data database, which we call Data Lake, and our highly scalable external data querying and computation system, which we call Data Service Bus, drive our advanced risk assessment and our credit assessment engine. Data Lake is a dynamic data pool that is constantly evolving with increasing credit bureau data, transactional data, behavioral data, social data and demographic data accumulated on our platforms and additional data accessed from third parties. With the support of strong underlying infrastructure such as Data Lake and Data Service Bus, we designed and patented a risk assessment and credit assessment engine which evaluates both fraud and credit risks on the basis of over 10,000 data points and a series of different credit models utilizing machine learning technologies to automatically provide personalized, accurate and instant credit decisions with risk-based pricing. The combination of our advanced risk assessment and credit assessment engine with Data Lake and Data Service Bus enables us to make pricing decisions in most cases within seconds with no manual intervention. We apply big data analytics and machine learning technologies to the entire value chain of our lending solutions, from user acquisition to credit assessment, user valuations, customer management and collection services. Because we do not rely only on proprietary data from a single ecosystem, we can aggregate data from a variety of sources and serve the many different needs of our partners and end users. We also partner with a few independent third parties with unique in-house data to customize a set of data features specifically catered for our lending and wealth management solutions.

Our Modules and Transaction Process

Modules for POS Installment Loan, Personal Installment Loan and Business Installment Loan Solutions

Our modules cover every step of the loan transaction process, providing seamless integrated solutions to our business partners and a superior experience to end users. We are able to provide customized combinations and configurations of these modules to cater to the specific needs of different business and financial partners.

Our proprietary credit assessment system, backed by our continually growing big data database and our sophisticated algorithms, can quickly provide end users with a credit decision. We match borrowing requests with our financial partners in a smooth and efficient fashion, though our financial partners have the final decision as to whether they will approve the loan applications. Our service is provided in a seamless fashion to credit applicants and make it possible for customers who are approved for our credit lines to receive funds within 10 seconds following their applications, in the case of point-of-sale and personal installment loans, and 15 minutes, in the case of business installment loans. We believe these features are essential to meeting borrowers' financing needs.

- Module 1: *traffic router*

We have a variety of access points to our services, including directly on our business and partners' platforms and through our Dumiao App and mobile website. Some of our business partners only have limited acquisition channels with high acquisition costs and are unable to accurately locate potential end users for point-of-sale installment loan services. Through our end user acquisition module, we analyze a variety of data and predicatively push service options to potential end users. Our customized interface and access point functionalities improve the user acquisition process by accurately identifying potential end users, increasing the conversion rate and lowering acquisition costs for our business partners.

- Module 2: *data aggregation and processing*

Our partners often lack a comprehensive set of relevant data from reliable data sources for them to utilize in providing financial services and developing effective risk management. Through our proprietary big data database, Data Lake, we access and aggregate a wide variety of data from more than 50 data sources, including both traditional and non-traditional sources and types of data. We restructure and reorganize these data into our various data models for further processing, and they can be independently updated to support fast model iteration for our credit assessment system. We maintain multiple data sources to increase our data aggregation efficiency and lower data collection and sourcing cost. These data models could also be separately provided to our partners depending on their specific needs. We collect the following information for our credit assessment system:

- basic personal background and demographic information, including name, ID, mobile number, bank card number, address, age, educational background, occupation and employment history;
- third-party bureau data including credit history, application, overdue payments and blacklist information; credit card and bankcard transactional information, including spending power and behavioral patterns;
- transactional information from e-commerce websites and other data provided by our business partners, including spending power, transaction history and high-risk transactions;
- other information on an end user's online behavior;
- mobile device and carrier information and mobile data; and
- for repeat end users, historical loan performance accumulated on our platform.

- Module 3: *risk management modeling*

Our risk management modeling module adopts a vigorous process of customer identification and anti-fraud detection, in which we match the application with data from both internal and external sources. Our sources of data on users include third-party credit ratings, blacklists, information on the user's patterns of communication, consumption, bank card usage and e-commerce purchases, information from the user's GPS and mobile devices, and the user's historical borrowing history and other information, all collected and aggregated through our data integration and aggregation module. We cross check the data through identification numbers, device IP addresses, application frequency and timing of application and compile a blacklist based on our assessment and public information. We customize our risk management measures to flexibly adapt to the needs of our partners, based on their business targets and product positioning.

- Module 4: *credit pricing and credit strategy*

We utilize a rigorous pricing framework to produce risk-based pricing decisions while taking into account price sensitivity to maximize value generation. Our credit assessment system groups users on the basis of identification, education background, location, bankcard spending pattern, mobile information and other available information as well as our insights of similarly situated customers. On this basis, a credit line is assigned that could be drawn down by each end user approved by our credit assessment system, subject to the independent credit assessment process described below. More than 99% of all loan applications are handled and approved automatically.

- Module 5: *funding router*

We connect to our financial partners' systems in real time. We analyze the various aspects of a loan request and the characteristics of the borrower, and allocate the funding needs to the most suitable funding source based on the risk-and-return parameters specified by our financial partners and other asset preferences.

- Module 6: *independent credit assessment*

Our financial partners retain their independent credit assessment functions and screen the borrowers we refer to them through a final approval process. Borrowers not approved will be referred back to our platform and we aim to match these borrowers with other financial partners who have suitable risk appetite. Module 4 and module 6 constitute an integrated two-step credit assessment process that is fully compliant with the relevant regulatory requirements.

- Module 7: *customer service and maintenance*

Our customer service operation efficiently handles questions from end users as well as from business partners about our financial solutions and modules. Our online customer service bots handle more than 70% of customer requests automatically. Our intelligent customer maintenance program predicts potential loss of a customer and automatically alerts our customer service team to engage in customer maintenance efforts. Our business partners can rely on us to provide high-quality customer service throughout the transaction process.

- Module 8: *repayment management*

We cooperate with over a dozen payment service providers to provide efficient and stable payment services that cover all of the major Chinese banks. End users are able to select from multiple repayment options including autopay. Payments are automatically directed to the optimal payment route maintained by a particular payment service provider for a given payment option based on cost and stability.

- Module 9: *loan servicing*

We provide a comprehensive set of post-origination loan servicing solutions to our business partners, including loan collection. We have established a scoring model to determine the priorities of our collection efforts and collection process based on the level of delinquency, which dictates the level of collection steps taken. Our collection activities are highly automated, are accomplished through digital means such as payment reminder notifications in our app, reminder text messages, voice messages and e-mails and are supplemented by direct phone calls. To better focus on developing collection strategy and management and optimizing operational efficiency, we contract with third-party collection service providers which provide collection personnel to conduct all collection activities. However, they are under our close supervision and management and are equipped with the collection system and scoring model we develop. We carefully select these third-party contractors, establish guidelines and limitations on their collection actions, and take measures to enforce those guidelines and limitations.

Wealth Management Solution Modules

Our wealth management solutions include fund aggregation and trade clearing, end user assessment and modeling, portfolio construction, and transaction optimization modules.

- Module 1: *fund aggregation and trade clearing*

We aggregate over 3,200 public mutual fund products from over 70 mutual fund asset management companies in our Hongdian trade clearing system that provide the users of our financial partners with a comprehensive selection of underlying assets. We are fully compliant with laws and regulations for trade clearing. In order to control risk of cash flow, cash is deposited in and monitored by China Minsheng Bank, and our trading system is provided by Shenzhen Jinzheng, a large financial IT system provider in China, to ensure professional and accurate transaction execution.

- Module 2: *user assessment and modeling*

For individual investors using our Polaris platform or financial partners that use our proprietary robo-advisory services, we offer tailored portfolio recommendations through a customized investment decisioning process enabled through our user assessment and modeling module. We evaluate end users' risk tolerance on the basis of an investor questionnaire that they complete upon registration and update periodically over time.

- Module 3: *portfolio construction*

Accurate and customized user assessment serves as the basis for individualized portfolio constructions. Depending on the user's risk tolerance, we offer and recommend one of five primary investment strategies ranging from very conservative to very aggressive and construct an investment portfolio for a particular user to achieve target risk-adjusted returns within the specified risk parameters. Using our Polaris algorithm, we select the products offered by our financial partners through our different business partners and construct them into globally diversified portfolios tailored to each user's needs. Utilizing our sophisticated proprietary algorithms in both investment strategy and transaction optimization, our robo-advisory technology not only provides an automated recommendation for the initial asset allocation to the user based on an assessment of the individual's risk appetite but also recommends rebalancing of investment portfolios to end users and will execute rebalancing if the user specifically approves the rebalancing or does not reject it within a certain period of time.

In addition, by configuring and customizing our robo-advisory technological capabilities, we are able to provide our robo-advisory services as a comprehensive end-to-end solution engine to our financial partners. In this respect, we cater to the specific needs of our financial partners, taking into account their overall business strategy and target customer segments. Financial partners have their own investment model to make independent decisions after we provide investment recommendations. With the depth of the customer data that we have accumulated directly from our financial partners and our ability to use big data technologies to gain insights into that data, our algorithms create personalized asset allocations within the risk and return parameters specified by our financial partners, and significantly streamlined their internal decisioning process.

- Module 4: *transaction optimization*

Our Hongdian platform comprises a significant portion of all the available mutual funds in the domestic market in China and provides a one-stop shopping portal for mutual fund products. It streamlines the transaction process and lowers transaction costs for both investors and our financial partners. Polaris, on the other hand, structures and packages different underlying investment assets and achieves diversification for investors at a lower cost than traditional wealth managers. Leveraging our sourcing capabilities and our distribution channels, we establish connections between our financial partners and investors to facilitate a more efficient transaction process.

Insurance Solution Modules

Our insurance solution modules include a smart product recommendation module that offers comprehensive product recommendations to clients of insurance partners with low cost, scalable operation, and easy access, and a customization and innovation module that helps business partners bring customized and innovative insurance solutions to market.

Risk Management

We have an advanced and customized risk management capability driven by our proprietary credit approval engine and strong risk management expertise. We believe that our strength in risk management enables us to prevent fraud and provides effective and efficient credit assessment services to our business partners as well as their target customer cohorts. This approach provides for extremely high levels of automation in the underwriting process and, as a result of recent economic headwind both in China and abroad, our management has adopted a more cautious position and took proactive steps to slow down the asset growth. Our risk grading, risk-based pricing and credit limit strategies improve our business and financial performance by controlling overall risk in line with financial partner's risk appetite.

We provide end-to-end risk management solutions for the entire lending process from fraud detection and credit assessment through account management and collection services. Pre-loan risk management is based on an automated fraud detection and credit risk assessment process that utilizes multiple sources of data and modular modeling techniques, with real-time collection, cleaning and arrangement of data, to carry out a modeling assessment and produce a credit decision. During and after the term of the loan, our quantitative modeling tools raise the efficiency of our account management and collection based on our rating of the user's activity. Real-time risk modeling and control and rapid refresh capability help ensure that we are able to quickly react and adjust to changes in risk.

Our Fraud Detection and Prevention Mechanism

We are well equipped to detect sophisticated fraudulent activities. We maintain a fraud-related database within Data Lake consisting of data sourced internally and from our partners, including a comprehensive blacklist based on our own assessment and publicly available information. During the initial application process and throughout the transaction life-cycle, we cross-check data such as individual identification numbers, device IP addresses, application frequency and timing of applications. We also utilize social network analysis to uncover potential fraud schemes. We consistently fine tune our anti-fraud rules and blacklist rules by leveraging our sophisticated big data analytics and by analyzing fraud cases and the massive amount of data we have accumulated. We have not experienced any significant third party fraudulent losses from our platforms as of the date of this annual report.

Our Proprietary Credit Assessment Process

Our credit assessment process utilizes sophisticated algorithms and credit assessment models. Our credit assessment engine utilizes over 10,000 data points and a series of different machine learning models to evaluate a single loan application, and we apply a rigorous test-and-learn pricing framework to produce risk-based pricing decisions to maximize value generation. Our credit assessment groups end users on the basis of identification, education background, location, bankcard spending pattern, mobile information and other available information as well as our insights of similarly situated customers. Our newly acquired end users share similar risk profiles and certain key group or risk characters which we believe adequately account for a majority of their credit risks. We analyze end users' credit history with us and with financial institutions, their employment and income information, and other data we have accumulated. We also continue to track the performance of repayment of the loan for future reference. Based on the assessment results, our credit assessment engine assigns a credit risk level from 1 to 5 to each prospective customer. We are in the process of increasing the credit lines that may be available to our customers and may have additional levels with higher credit lines for prospective customers. We cooperate with third parties such as data providers in the credit assessment process.

Credit Performance

Our risk management approach has proven to be highly effective, as evidenced by the performance of various loan vintages originated through our platform over time.

We define delinquency rate as outstanding principal balance of loans that were from 16 to 30 calendar days, from 31 to 60 calendar days and from 61 to 90 calendar days past due as a percentage of the total outstanding principal balance of the loans as of a specific date. Loans that are delinquent for more than 90 days are charged off. The following table provides our delinquency rates for all loans we facilitated as of December 31, 2017, 2018 and 2019, including both on-balance sheet loans and off-balance sheet loans:

	Delinquent for		
	16 - 30 days	**31 -60 days**	**61 - 90 days**
December 31, 2017	1.11%	1.02%	0.74%
December 31, 2018	1.27%	2.35%	2.33%
December 31, 2019	1.72%	2.98%	2.86%

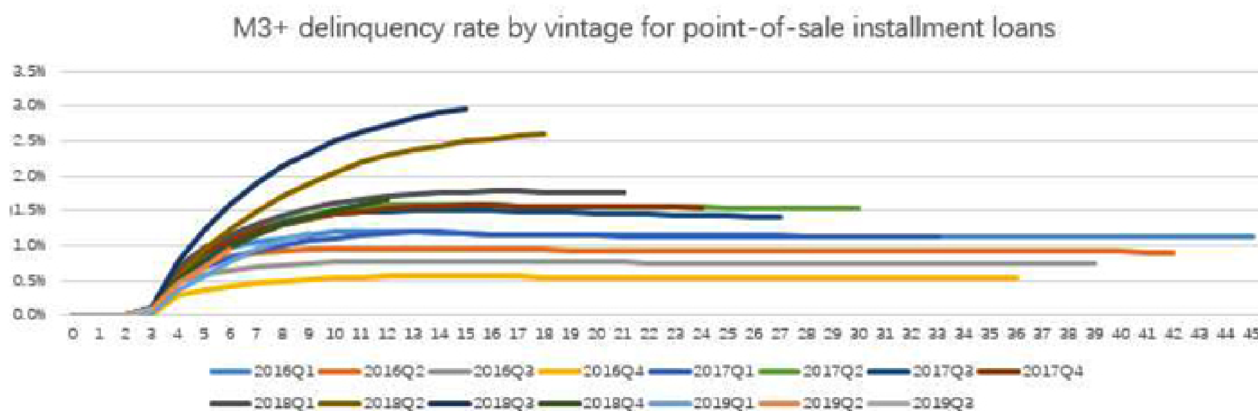
We experienced an increase in delinquency rates at the 31 to 60 day and 61 to 90 day levels in 2017 due primarily to an industry-wide increase in default rates that also affected our company. Government initiatives such as Circular 141 and The Notice on Inspection of Rectification of Online Lending Information Intermediaries, also known as Circular 57, both of which were released in December 2017, fostered negative publicity about the industry that contributed to higher delinquency rates in 2018. Customers' willingness to repay their loans was adversely affected, and our financial partners suffered significantly from industry volatility particularly in the second half of 2018. In 2019, due to the tightening regulatory policies, we made some adjustments to our product pricing and customer application process. We adopted a more conservative risk control policy and proactively tightened our approval rate, which reduced loan facilitation volume. Thus, our outstanding balance volume and the denominator of our delinquency rate were also affected.

COVID-19 has had an adverse impact on the global economy and has, adversely impacted our customers' ability to pay. We are expecting to see a higher level of delinquency in our portfolio. However, we believe we are well positioned in comparison to our peers because the average ticket size of our loans is relatively small and the majority of our recent originations are POS installment loans, which tend to be less volatile.

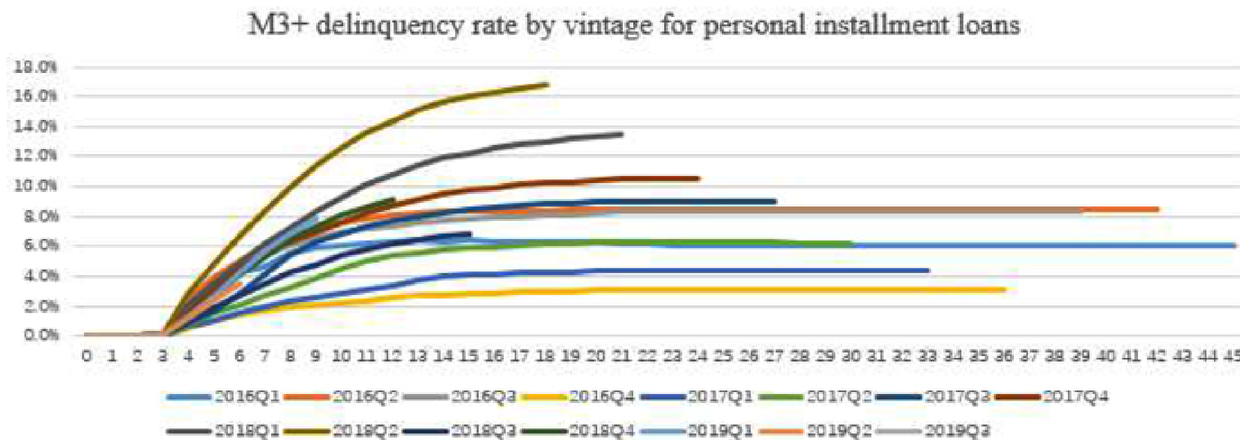
The M3+ delinquency rate by vintage with respect to loans facilitated during a specified time period, which we refer to as a vintage, is defined as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period, and (ii) the total amount of recovered past due payments of principal in the same period with respect to all loans in the same vintage that have ever become over three months delinquent, divided by (iii) the total initial principal of the loans facilitated in such vintage.

The following charts show the M3+ delinquency rates by vintage for point-of-sale and personal installment loans that we have facilitated, including both on-balance sheet and off-balance sheet loans.

M3+ delinquency rate by vintage for point-of-sale installment loans



M3+ delinquency rate by vintage for personal installment loans



Risk Management Team

We have established strong risk management expertise with nine independent risk management functions spanning functions such as audit, regulatory compliance and risk management research and development. Our management team has significant experience in the credit industry with expertise in risk management, fraud detection and prevention, and data analytics. We have also built risk management-related performance metrics into our business unit and employee review procedures.

Technology

The success of our business depends on our strong technological capabilities that support us in delivering innovative and effective financial solutions to our partners, providing a seamless user experience, making accurate credit assessments, protecting information and increasing our operational efficiency. Diversified data collection and aggregation and robust credit assessment through advanced technologies have strengthened our risk management capability, creating value for our business and financial partners.

The entire loan underwriting procedure, including application, verification, authorization, granting credit, execution of agreements, release of funds and collection of repayment, can be completed automatically without human intervention for a substantial majority of our loan applications. Our user-friendly interactive interface allows the user to complete the entire loan application and loan repayment process by himself. Highly optimized stream computing methods for data reporting, retrieval and indexing allow the entire loan application and credit approval procedure to be completed within 10 seconds for a majority of our loan applications. Our management system provides completely automatic control and routing of application volume, data reporting and retrieval volume, indexing distribution, approval amount, credit grade distribution, loan disbursement amounts and loan repayment amounts and enables the healthy and stable operation of the system.

R&D Lab

Our R&D lab is the source of our continued innovations. It not only supports our existing business and enhances our product and service offerings, but also incubates new technological and business initiatives that allow us to continue to evolve. We have teams within the R&D Lab working on artificial intelligence, robotic process automation, data source assessments and other projects of possible application to our business.

Our R&D lab is empowered by a team of experienced engineers dedicated to research and development. As of December 31, 2019, we have 139 technology employees, representing approximately 54% of our total employees. Our engineers are based in our headquarters in Beijing and our offices in Shanghai. We recruit most of our engineers from prestigious universities and hire experienced laterals from well-established internet and software companies. We compete aggressively for engineering talent to help us address challenges and maintain our technology advantages over our competitors. We invest significantly in research and development. In 2019, we incurred RMB79.1. million (US$11.4 million) in research and development expenses, primarily of salaries and benefits (including share-based compensation) for our research and development team.

Big Data Analytics

We have developed a proprietary big data database, which we call Data Lake, which drives our advanced risk assessment and our credit assessment engine. Data Lake is a dynamic data pool that is constantly evolving with increasing credit bureau data, transactional data, behavioral data, social data and demographic data accumulated on our platforms and additional data accessed from third parties. Our extensive database has over 10,000 variables for users, covering a wide range of information pertinent to a user's creditworthiness. By tapping into the ecosystems of our partners, we have accumulated a large amount of data that has been authorized and released by users. We also source, aggregate, process and analyze voluminous structured and unstructured data from over 50 internal and external data sources in multiple formats, including credit assessment agencies, payment companies, e-commerce platforms and mobile carriers.

Our strong data-mining capabilities also enable us to collect a large amount of data concerning prospective customers. We apply big data analytics and machine learning to the entire value chain of consumer finance, from credit decision to payment channel to collection services. Leveraging our research and development team, we have developed a number of proprietary automated programs that are capable of searching, aggregating and processing massive amounts of data from the internet in a short period of time. New analytical methods allow us to process these large amounts of untapped data, for example through statistical modelling of past behaviors and patterns.

We value data privacy of users and have stringent data protection and retention policies. We do not share end users' data with third parties without end users' prior consent.

Artificial Intelligence and Machine Learning

Technology has revolutionized the way that financial services are provided, particularly through the application of advanced artificial intelligence. We apply our artificial intelligence technology in multiple areas, such as fraud detection, credit risk pricing and asset allocation, which leads to improved operational efficiencies and enables us to provide significant value to our partners.

We have integrated a variety of advanced analytical and modelling techniques into our risk management and credit assessment systems by applying artificial intelligence, including machine learning. For example, we make use of social network analysis techniques to discover connections between loan applicants and known or suspected fraud rings and leverage the special characteristics of social networks in our anti-fraud and risk management models to reduce the rate of fraud. We have constructed a real-time online dynamic risk modelling system which, unlike traditional credit score card technology, is able to implement continual updates to our automated models based on the newest risk metrics, and at the same time implement mechanical learning algorithms online, and based on the real-time results of the model, automatically distribute application volume and ensure the stability and highly efficient operation of the model, and timely and reliably control risk Building on our modelling technology, we carry out automatic clustering based on differences in the user's personal characteristics, and we use different collections of characteristics between clusters to construct mechanical learning models to determine user risk and greatly raise the predictive power of the risk management model.

The robo-advisory services for our wealth management solutions are also based on machine learning technologies. We adopt modern portfolio theory as the main allocation methodology and use a supervised learning method to estimate market return. Machine learning regression algorithms are used to forecast future prices and therefore market return within a defined time period, while market condition classification algorithms classify the market along a spectrum of bullishness and bearishness. Market risk is measured by an estimated covariance matrix. Our algorithms link investor characteristics including risk preference, life cycle stage, and source of income to investment constraints for true personalization. Rebalancing decisions are made dynamically as inputs change.

Our Cloud-based Infrastructure

We depend on cloud-based services for computing power for our customer-facing systems and services. Cloud-based technology allows us to process large amounts of complicated data in-house, which significantly reduces cost and improves operational efficiency. Our business is growing at a tremendous pace and we need to scale up services to fit our needs and customize the applications that we use. Our cloud-based services allow us to maintain flexibility in managing our IT resources with improved manageability and less maintenance, so that we can more rapidly adjust resources to meet any fluctuating or unpredictable business demand.

Our system is highly secure. Our systems infrastructure is hosted in data centers located in different locations in China. We maintain redundancy through a real-time multi-layer data backup system to ensure the reliability of our network. Our in-house developed security system analyzes and predicts malicious attacks. The response time of our cloud system has been shortened to within one second, resulting in enhanced responsiveness to any challenges or attacks. Our platforms adopt modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functioning of other components. This makes our platforms both highly reliable and scalable. We have developed a business continuity plan and have implemented a disaster recovery program, which enables us to move operations to a back-up data center in the event of a catastrophe.

Our system uses local deployment to run business processes in our data center. Data is stored on our local server and hosted in internet data centers. All services and data use highly available architecture. We have never experienced data loss as of the date of this annual report.

Business Development

Our "Dumiao" brand is widely recognized by major potential business and financial partners for financial solutions in consumer lending in China, and our "Polaris" brand similarly for wealth management solutions. Our partners can adopt our solutions to provide financial services to their users, allowing them to leverage our expertise while focusing on their own core businesses. We believe that our strong brand recognition and proven track record will enable us to build a large and loyal partner base with a high retention rate. We employ a variety of marketing methods to promote our image.

We have built a sales and marketing team with extensive experience in both the financial service and internet industries. This team is dedicated to establishing long-term relationships with our business and financial partners. We work closely with our business and financial partners to gain insights into the competitive dynamics of the industry and to identify new market opportunities. With our understanding of their needs, we are able to offer customized services and solutions. We also utilize our proprietary data analytical capabilities to conduct cost-efficient marketing.

We have sales and marketing personnel based both at our headquarters in Beijing and at our regional office in Shanghai. This allows our sales and marketing team to remain in close contact with the research and development team and operations team at our headquarters to align our sales and business development strategies. The sales personnel at our regional offices have direct contact with our business partners to better understand their needs and requirements and thereby develop and strengthen our cooperation.

International Expansion

We have entered into two joint ventures outside of China to offer our solutions in additional markets in conjunction with local partners. In October 2017, we formed a joint venture named PIVOT Fintech Pte. Ltd. together with FWD Group and certain angel investors to provide robo-advisory services in Southeast Asia. In April 2018, we formed a joint venture named Avatec.ai (S) Pte. Ltd. together with United Overseas Bank Limited to offer credit services and solutions primarily in Southeast Asian countries. In addition, we set up Pintec Solutions Pte. Ltd. in Singapore in November 2018 as the international headquarters for our international business development, and in April 2019, we acquired Infrarisk Pty Limited, an Australia-based SaaS company providing systems to lenders for managing the credit risk origination process.

Competition

Online consumer finance, wealth management and insurance are emerging industries in China. We enable our business and financial partners to provide innovative consumer finance, wealth management and insurance services to their customers. With respect to consumer finance enablement, Baidu Finance shares a similar business model with us where it provides technology enablement services to business partners and financial partners, and we compete with respect to acquiring partners and customers. Some independent platforms also provide such enablement services to partners as one segment of their business. With respect to wealth management and robo-advisory enablement, we compete with companies such as Yingmi.cn and Licaimofang. We also compete across consumer finance, wealth management and insurance with platforms affiliated with major internet companies and business ecosystems in China, such as Ant Financial, JD Finance and Ping An One Connect. In addition, our business and financial partners may develop their own in-house capabilities that compete with the services we currently provide. Some of our larger competitors have substantially broader product or service offerings and greater financial resources to support their spending on sales and marketing. We believe that our ability to compete effectively for business partners, financial partners and end users depends on many factors, including the variety of our modules and solutions, the diversity of our products, user experience with our solutions, the effectiveness of our risk management and the strength the partnership with our financial and business partners.

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

Intellectual Property

We seek to protect our proprietary technology, including our risk management technologies and technology infrastructure, through a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure by confidentiality and non-compete agreements. We have applied for five patents and have registered 48 copyrights with the PRC National Copyright Administration. We have eight registered domain names that are currently used in our business and operations, including *pintec.com, idumiao.com, ixuanji.com* and *hongdianfund.com.* As of the date of this annual report, we had 48 registered trademarks, including the Chinese name for Dumiao, Hongdian, Myfin and Pintec.

We intend to protect our technology and proprietary rights vigorously, but there can be no assurance that our efforts will be successful in every circumstance. Even successful efforts to defend our rights, including resorting to litigation, may incur significant costs. In addition, third parties may initiate litigation against us alleging infringement of their intellectual property or seeking to declare non-infringement of our intellectual property. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position" and "—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations."

Seasonality

We experience a certain degree of seasonality in our business, reflecting seasonal fluctuations in internet usage and personal consumption patterns. For example, we generally experience higher transaction volume in our online travel agency point-of-sale installment loans during the various peak travel seasons throughout the year, including the Chinese New Year holiday, the Labor Day holiday in May, the summer holidays and the National Day holiday in October. At the same time, we generally experience somewhat lower transaction volume in personal installment loans during national holidays in China, particularly around the Chinese New Year holiday.

Insurance

We maintain property insurance policies covering certain equipment and other property that is essential to our business operations to safeguard against risks and unexpected events. We also provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance and medical insurance, for our employees. We do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. We consider our insurance coverage to be sufficient for our business operations in China.

Regulations

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

Regulations Relating to Foreign Investment

The PRC Foreign Investment Law

In March 2019, the National People's Congress passed the PRC Foreign Investment Law, which became effective as of January 1, 2020. When it took effect, the PRC Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Laws on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. In December 2019, the State Council promulgated the Implementation Regulations on the PRC Foreign Investment Law, which came into effect on January 1, 2020 and further clarified and elaborated the relevant provisions of the PRC Foreign Investment Law. The PRC Foreign Investment Law and its implementation regulations embody the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The Implementation Regulations on the PRC Foreign Investment Law require that existing foreign-invested enterprises established before the effectiveness of the PRC Foreign Investment Law must change to their chosen organizational forms and structures and go through the change of registration procedures at any time prior to January 1, 2025. Otherwise, the relevant local branch of the State Administration for Market Regulation will not process other registration matters for the enterprise and will publicize relevant information of such enterprise. The PRC Foreign Investment Law further provides that a foreign investment information reporting system will apply to foreign-invested enterprises. In December 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the Measures for Reporting of Foreign Investment Information, which came into effect on January 1, 2020. Beginning on January 1, 2020, foreign investors carrying out investment activities directly or indirectly in the PRC and the relevant foreign-invested enterprises must disclose their investment information to the competent commercial department by means of submitting various reports, including the establishment reports, modification reports and annual reports, through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

For more details, see "Item 3. Key Information—Risks Relating to Doing Business in China—Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

Industry Catalog Relating to Foreign Investment

The PRC Foreign Investment Law reiterates and officially establishes the pre-access national treatment plus negative list management system for foreign investment. In June 2019, the Ministry of Commerce and the National Development and Reform Commission promulgated the Special Management Measures for Foreign Investment Access (Negative List) (2019 version), or the Negative List (2019 version), which became effective on July 30, 2019. The Negative List (2019 version) expands the scope of industries where foreign investment is permitted by reducing the number of industries where restrictions on the shareholding percentage or requirements for the composition of board or senior management still exist. Industries listed in the Negative List (2019 version) are divided into two categories: restricted and prohibited. Industries in the restricted category are subject to a variety of restrictions. For example, some restricted industries are limited to Sino-foreign joint ventures, and in some cases, the Chinese partners are required to hold the majority interests in such joint ventures. Furthermore, foreign investors are not allowed to invest in companies in industries under the prohibited category. For industries not in the restricted or prohibited categories, the restrictions applicable to the restricted category do not apply in principle, and establishment of wholly foreign-owned enterprises in such industries is generally allowed.

We provide value-added telecommunication services, which is an industry in the restricted category pursuant to the Negative List (2019 version), through our consolidated variable interest entities.

Regulations Relating to Insurance Brokerage

The primary regulation governing insurance intermediary services is the PRC Insurance Law, originally enacted in 1995. According to the PRC Insurance Law, the China Insurance Regulatory Commission (which was integrated into the CBIRC with other governmental departments in April 2018) 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.

The principal regulations governing insurance brokerage are the Provisions on the Supervision and Administration of Insurance Brokers, promulgated by the China Insurance Regulatory Commission in February 2018. According to these regulations, an insurance broker refers to an entity that receives commissions for providing intermediary services to policyholders and insurance companies to facilitate their entering into insurance contracts. An insurance broker established in China must meet the qualification requirements specified by the CBIRC and obtain a license from the CBIRC or its local branches to operate insurance brokerage business.

The subsidiary of one of our variable interest entities, Beijing Myfin, has obtained a license for insurance brokerage from the Beijing Bureau of the CBIRC, which allows Beijing Myfin to conduct an insurance brokerage business within the territory of the PRC and will remain valid until June 2022.

Regulations Relating to Fund Sales Business

The Law on Securities Investment Funds, originally promulgated in 2003, sets forth the principal requirements applicable to fund service institutions, including fund sales institutions. This law subjects institutions that engage in fund sales and other fund services related to publicly raised securities investment funds to registration or record-filing requirements with the securities regulatory authority. The Measures for the Administration of the Sales of Securities Investment Funds, originally promulgated by the CSRC in 2004, govern the qualification of publicly raised securities investment fund sales, payments and settlement for publicly raised securities investment fund sales, publicly raised securities investment fund sales charges and other aspects of publicly raised securities investment fund sales business.

Independent fund sales institutions must apply for registration with the local branch of the CSRC at their place of industrial and commercial registration and obtain a license for a publicly raised securities investment fund sales business. In order to obtain such a license, an independent fund sales institution must meet certain requirements, including: (i) having a paid-in capital of no less than RMB20 million (US$2.9 million); (ii) the senior managers shall have obtained the fund practice qualification, be familiar with the fund sales business, and have two or more years of work experience in fund practice or five or more years of work experience in other relevant financial institutions; (iii) having at least 10 employees obtained the fund practice qualification; and (iv) not being involved in any material changes that have impacted or are likely to impact the normal operation of organizations, or other material issues such as litigations and arbitrations.

The Measures for the Administration of the Raising of Privately Raised Investment Funds, promulgated in April 2016 by the Asset Management Association of China, govern the raising of privately raised investment funds. A member institution of the Asset Management Association of China which has registered with the CSRC and obtained a license for a publicly raised securities investment fund sales business can be entrusted by managers of privately raised investment funds to raise privately raised investment funds. “Raising” refers to the promotion, sale, purchase and redemption of privately raised investment fund units and other related activities.

On March 28, 2018, the Office of the Leading Group for the Special Rectification for Internet Financial Risks issued the Notice on Strengthening the Rectification and Conducting Review and Acceptance of Asset Management Business Conducted through the Internet, also known as Circular 29. Circular 29 emphasized that an asset management business conducted through the internet is subject to the oversight of financial regulatory authorities and the relevant licensing requirements. Any public issuance or sales of asset management products through the internet would be deemed to be a financing business and the relevant asset management licenses or permits would be required to conduct such a business. Internet asset management platforms are not allowed to publicly raise funds through “directed commission plans”, “directed financing plans”, “wealth management plans”, “asset management plans”, “credit asset transfers” or similar products, or to act as an agent for any types of trading exchanges to sell asset management products.

Our variable interest entity, Beijing Hongdian, is a member of the Asset Management Association of China, has obtained a license for a publicly raised securities investment fund sales business from the CSRC and is qualified to conduct both publicly raised and privately raised securities investment fund sales businesses.

Regulations Relating to Value-added Telecommunication Service

The Telecommunications Regulations, originally promulgated by the State Council in 2000, and its related implementation rules, including the Catalog of Classification of Telecommunications Business issued and amended by the Ministry of Industry and Information Technology, or the MIIT, categorize various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services. The Administrative Measures on Telecommunications Business Operating Licenses, promulgated by the MIIT in 2009 and most recently amended in 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of value-added telecommunications services must obtain a value-added telecommunications service license from the MIIT or its provincial level counterparts.

According to the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises, originally issued by the State Council in 2001, foreign-invested value-added telecommunications enterprises must be in the form of sino-foreign equity joint ventures. The regulations restrict the ultimate capital contribution percentage held by foreign investors in a foreign-invested value-added telecommunications enterprise to 50% or less and require the primary foreign investor in a foreign-invested value-added telecommunications enterprise to have a good track record and operational experience in the value-added telecommunications industry.

In 2006, the Ministry of Information Industry (which was integrated into the MIIT with other governmental departments in 2008) issued the Notice of the Ministry of Information Industry on Strengthening the Administration over Foreign Investment in the Operation of Value-Added Telecommunications Business. According to this notice, a foreign investor in the telecommunications service industry must establish a foreign-invested enterprise and apply for a telecommunications service license. The notice also requires that: (i) PRC domestic telecommunications enterprises must not, through any form, lease, transfer or sell a telecommunications service license to a foreign investor, or provide resources, offices and working places, facilities or other assistance to support illegal telecommunications services operations by a foreign investor; (ii) value-added telecommunications enterprises or their shareholders must directly own the domain names and trademarks used in their daily operations; (iii) each value-added telecommunications enterprise must have the necessary facilities for its approved business operations and maintain such facilities only in the regions covered by its license; and (iv) all value-added telecommunications enterprises are required to maintain network and internet security in accordance with the standards set forth in relevant PRC regulations. If a license holder fails to comply with these requirements and cure any non-compliance, the MIIT or its local counterpart has the discretion to take measures against such license holder, including revoking its value-added telecommunications service license.

Administration of mobile internet application information services is subject to the Regulations for Administration of Mobile Internet Application Information Services, which were issued in June 2016 and became effective in August 2016. These regulations were enacted to regulate mobile application information services, including app providers, app owners, app operators and online app stores. Providers of mobile application information services are required to obtain specified qualifications pursuant to PRC laws and regulations.

Our variable interest entity, Beijing Hongdian, has obtained a value-added telecommunications service license for its operations from the Beijing Administration of Telecommunications in March 2018. This license will remain valid until June 2021. Our Dumiao platform and app, which are operated by Shanghai Anquying Technology Co., Ltd., a subsidiary of one of our variable interest entities, may be required to obtain a telecommunication service license for our mobile applications in accordance with the Regulations for Administration of Mobile Internet Application Information Services and other relevant laws and regulations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may be required to obtain value-added telecommunication service licenses by the PRC regulatory authorities."

Regulations Relating to Loans between Individuals

The Contract Law, which became effective in 1999, governs the formation, validity, performance, enforcement and assignment of contracts. The Contract Law recognizes the validity of loan agreements between natural persons and provides that a loan agreement becomes effective when an individual lender provides the loan to an individual borrower. The Contract Law requires that the interest rates charged under the loan agreement must not violate the applicable provisions of the PRC laws and regulations. In accordance with the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases issued by the Supreme People's Court in 2015, private lending is defined as financing between individuals, legal entities and other organizations. Agreements between a lender and a borrower for loans with annual interest rates below 24% are valid and enforceable. For loans with annual interest rates between 24% and 36%, the courts will likely refuse a borrower's request for the return of the interest payment if the interest on the loans has already been paid to the lender, provided such payment has not damaged the interest of the state, the community or any third parties. If the annual interest rate of a private loan is higher than 36%, the obligation to make interests payment in excess of 36% will be invalidated. Pursuant to the Contract Law, a creditor may assign its rights under an agreement to a third party, provided that the debtor is notified. Upon due assignment of the creditor's rights, the assignee is entitled to the creditor's rights and the debtor must perform its obligations under the agreement for the benefit of the assignee.

In addition, according to the Contract Law, an intermediation contract is defined as a contract whereby an intermediary presents to its client an opportunity for entering into a contract or provides the client with other intermediary services in connection with the conclusion of a contract, and the client pays service fees to the intermediary. Pursuant to the Contract Law, an intermediary must provide true information relating to the proposed contract. If an intermediary intentionally conceals any material fact or provides false information in connection with the conclusion of the proposed contract which results in harm to the client's interests, the intermediary may not claim for service fees and is liable for the damages caused.

In April 2017, the National Online Lending Rectification Office issued a Notice on the Conduct of Check and Rectification of Cash Loan Business Activities and a supplementary notice. The notice requires the local counterparts of the National Online Lending Rectification Office to conduct a full-scale and comprehensive inspection of the cash loan business conducted by online platforms and requires such platforms to conduct necessary improvements and corrections within a designated period to comply with the relevant requirements under the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases issued by the Supreme People's Court in August 2015, the Measures for the Banning of Illegal Financial Institutions and Illegal Financial Business Operations, the Guiding Opinions on Small Credit Companies, Interim Measures on Administration of Business Activities of Online Lending Information Intermediaries and Implementation Plan of Specific Rectification for Risks in Online Peer-to-Peer Lending. The notice focuses on preventing loans that are offered in a malicious fraudulent amount, loans that are offered at extortionate interest rates and violence in the loan collection processes in the cash loan business operation of online platforms.

In December 2017, the National Internet Finance Rectification Office and the National Online Lending Rectification Office jointly issued the Notice on Regulating and Rectifying "Cash Loan" Business, or Circular 141, outlining the general features and the principal requirements on "cash loan" businesses conducted by internet micro finance companies, banking financial institutions and online lending information intermediaries. "Cash loans" are generally described as a loan that is unrelated to the circumstances of its use, with no designated use for the loan proceeds, no qualification requirement for the borrower and no collateral for the loan. The definition of a cash loan under Circular 141 is vague and subject to further regulatory interpretation. The principal requirements with respect to "cash loan" businesses are (i) no organizations or individuals may conduct a lending business without obtaining approvals for the lending business; (ii) the annualized all-in borrowing costs to borrowers charged in the form of interest and various fees are subject to the limit on interest rate for private lending as set forth in the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases issued by the Supreme People's Court in 2015; (iii) all relevant institutions shall follow the "know-your-customer" principle to assess and determine the borrower's eligibility, credit limit, and cooling-off period with prudence, and a loan to a borrower without any source of income is prohibited; (iv) all relevant institutions shall improve their internal risk control and use a data-driven risk management model with prudence; and (v) relevant institutions and their third-party collection service providers may only use lawful means of collection, and shall not use illegal or inappropriate means of collection such as threats, intimidation or harassment. With respect to internet micro finance companies, Circular 141 requires the regulatory authorities to suspend the approval of the establishment of internet micro finance companies and the approval of any micro finance business across provincial lines. Circular 141 also specifies that internet micro finance companies may not provide campus loans, and should suspend the funding of internet micro loans unrelated to the circumstances of their use, gradually reduce the volume of the existing business relating to such loans and take rectification measures within a given period. Further requirements on internet micro finance companies will be detailed in a rectification implementation plan that is to be issued by the national financial regulator. Circular 141 also sets forth several requirements on the banking financial institutions participating in "cash loan" businesses, including that: (i) extension of loans jointly with any third-party institution that have not obtained approvals for the lending business, or funding to such institutions for the purpose of extending loans in any form, is prohibited; (ii) with respect to a loan business conducted in cooperation with a third-party institution, outsourcing of the core business (including the credit assessment and risk control) is prohibited, and any credit enhancement service whether or not in disguised form (including the commitment to bear the risk of default) provided by any third-party institutions with no guarantee qualification shall be prohibited, and (iii) such banking financial institutions must require and ensure that the third-party institutions shall not collect any interests or fees from the borrowers. In addition, Circular 141 emphasizes several requirements applicable to online lending information intermediaries. For example, it is prohibited to facilitate any loans to students or other persons without repayment source or repayment capacity, or loans with no designated use of proceeds. Also it is not permitted to charge upfront fees to the borrowers. Any violation of Circular 141 may result in a variety of penalties, including sanctions, rectification and revocation of license, an order to cease business operation, and criminal liabilities.

Regulations Relating to Campus Online Lending

In April 2016, the General Office of the Ministry of Education and the General Office of the China Banking Regulatory Commission jointly issued the Notice on Education and Guidance Work and Strengthening the Risks Prevention of Campus Delinquency Online Lending, or the Education and Guidance Work Notice. The Education and Guidance Work Notice provides that (i) the local financial regulatory authority shall closely monitor the online lending intermediaries' actions, such as false and misleading advertising and promotion, or other actions that may mislead lenders or borrowers, and strengthen the supervision and the risk warnings of online lending intermediaries' advertising and promotional activities focusing on college students, as well as those online lending intermediaries who neglect to conduct borrower qualification examinations; and (ii) the corresponding response measures and plan for non-compliant campus online lending shall be established and improved; and any non-compliant online lending intermediary that has advertised and promoted its services within the campus and thus may infringe upon the legal rights of the students, cause safety hazards or lack advance permission, shall promptly be reported to the relevant regulatory authorities and be dealt with pursuant to the applicable laws.

In October 2016, six PRC regulatory agencies, including the China Banking Regulatory Commission, the Office of the Central Leading Group for Cyberspace Affairs and the Ministry of Education, jointly issued the Notice on Further Strengthening the Rectification of Campus Online Lending, or Rectification of Campus Online Lending Notice. The Rectification of Campus Online Lending Notice strengthens and details the remediation measures for online lending businesses focusing on students, or campus online lending, and provides the following:

- Online lending services may not be provided to college students under the age of eighteen.
- For college students over eighteen, the person engaging in campus online lending must verify the secondary repayment source of such borrower, which could be the borrower's parents, guardian, or other custodian, obtain written undertaking documents consenting to the loan and the repayment guarantee from the secondary repayment source of such borrower, and verify the identity of the secondary repayment source of such borrower through the phone or other methods.
- False and fraudulent advertising and promotion through the use of discriminatory and misleading language or other methods, and the distribution of false or incomplete information to mislead college students borrowers, are prohibited.
- Publicizing or promoting lending services at physical locations (excluding electronic means such as the internet) either by persons engaging in campus online lending themselves or by a third party is prohibited.
- Usurious loans in disguised forms such as charging various fees such as procedure fees, overdue fines, service fees and recovery fees, and forcing repayment by illegal collection, are prohibited.

In addition, the Rectification of Campus Online Lending Notice requires that the person engaging in campus online lending shall establish three mechanisms, namely borrower qualification examination, risk monitoring and customer information protection, as follows:

- It must establish borrower qualification examinations and classification systems to ensure that the borrowers have the repayment capacity for the loan pursuant to the relevant agreement.
- It must establish risk monitoring systems to further strengthen information disclosure and to provide risk warnings to borrowers, and ensure that the lending procedures and the key elements of the loan are open and transparent.
- It must establish a customer information protection mechanism by implementing the Order for the Protection of Telecommunication and Internet User Personal Information and other relevant criteria and by conducting information system gradation registration and testing, to strengthen customer information protection and ensure the legality and information security during the collection, settlement and use of lenders' and borrowers' information.

Pursuant to the Rectification of Campus Online Lending Notice, the local financial regulatory authorities and the branches of the China Banking Regulatory Commission shall jointly conduct a thorough examination and centralized rectification of persons engaging in campus online lending. When a violation is determined to be minor, rectification shall be made within a prescribed time limit, but when the conduction of the rectification is refused or the violation is determined to be material, such person's business of campus online lending could be suspended, shut down or banned according to the applicable laws. Any person that is suspected to be involved in any malicious fraud or other serious extraordinary activities shall be severely punished. In any case involving criminal activities, the relevant person shall be dealt with by relevant judicial authorities.

In April 2017, the China Banking Regulatory Commission issued the Guidelines on Prevention and Control of the Risks in Banking Industry, to further emphasize the relevant requirements on campus online lending businesses provided in the Rectification of Campus Online Lending Notice, which include prohibitions on:

- marketing to individuals unable to repay loans;
- providing online lending service to college students under the age of eighteen;
- conducting false and fraudulent advertising and promotion; and
- providing usurious loans in disguised forms.

In May 2017, the China Banking Regulatory Commission, the Ministry of Education and the Ministry of Human Resources and Social Security issued the Notice on Further Strengthening the Regulation and Management Work of Campus Online Lending Business, or the Circular 26. This circular provides that:

- Commercial banks and policy banks may research and develop financial products and provide loans that provide general assistance to college students and support them in areas such as learning and training, consumption and entrepreneurship, and provide customized and quality financial services to college students with reasonable credit limits and interest rates.
- Any entity established without approval of the relevant banking regulatory authority shall not provide any credit services to college students so as to eliminate fraud, usurious loans or violent loan collections.
- All campus online lending businesses conducted by online lending information intermediaries shall be suspended and the outstanding balance of online campus lending loans shall be gradually reduced to zero.

We have lowered the age threshold of our end users to the age of 20, which subjects us to the laws, regulations, rules and governmental policies governing campus online lending. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business —Regulatory uncertainties relating to campus online lending may materially and adversely affect our business and results of operations.”

Regulations Relating to Commercial Factoring

The Notice on the Pilot Launch of Commercial Factoring, issued by the Ministry of Commerce in 2012, approves the pilot launch of commercial factoring in the Shanghai Pudong New Area and the Tianjin Binhai New Area. The Ministry of Commerce also issued another notice to expand the list of pilot areas to include the Chongqing Liangjiang New Area, Sunan Modern Construction Demonstration Zone and Suzhou Industrial Park. In 2015, the Ministry of Commerce issued the Opinions on Supporting the Innovative Development of Pilot Free Trade Zones, which approved the pilot commercial factoring businesses in all the free trade zones. Under these notices issued by the Ministry of Commerce and local implementing rules, commercial factoring companies may be established in these areas upon the approval of the local counterpart of the Ministry of Commerce or other competent authorities.

On May 8, 2018, the Ministry of Commerce issued the Notice of Matters concerning the Adjustments to the Duties of Administration of Financial Leasing Companies, Commercial Factoring Companies and Pawnshops, according to which the Ministry of Commerce has transferred the duties of developing business operation and supervision rules for commercial factoring companies to the CBIRC effective April 20, 2018. In October 2019, the CBIRC issued the Notice on Strengthening the Supervision and Administration over Commercial Factoring Enterprises. This notice clarifies the commercial factoring business as to the following services provided by a commercial factoring enterprise to the supplier that transfers its account receivable based on the real transaction to the commercial factoring enterprise: (i) factoring financing; (ii) maintenance of the sales breakdown (ledger); (iii) collection of account receivables; and (iv) non-commercial bad debt guarantee. Commercial factoring enterprises may concurrently engage in client credit investigation and evaluation and the consulting services relating to commercial factoring. A commercial factoring enterprise may not engage in the following activities or businesses: (i) taking or taking in a disguised manner the deposits from the public; (ii) obtaining funds through online lending information intermediaries, local trading places in various types, asset management institutions, private investment fund or any other institutions; (iii) borrowing or borrowing in a disguised manner funds from other commercial factoring enterprises; (iv) offering loans or offering loans as entrusted; (v) specially engaging in or carrying out as entrusted a collection business or debt repayment demand business irrelevant to commercial factoring; and (vi) carrying out a factoring financing business based on an illegal underlying transaction contract, consignment contract, account receivable with unclear ownership or the right to demand payment arising out instrument or other negotiable securities.

Minheng, a subsidiary of one of our variable interest entities, and Anxunying (Tianjin) Commercial Factoring Co., Ltd., a wholly foreign-owned enterprise, are qualified to conduct our commercial factoring business.

Regulations Relating to Financing Guarantee

The State Council promulgated the Regulations on the Administration of Financing Guarantee Companies, or the Financing Guarantee Rules, effective as of October 1, 2017. Pursuant to the Financing Guarantee Rules, "financing guarantee" refers to the activities in which guarantors provide guarantees to the guaranteed parties as to loans, bonds or other types of debt financing, and "financing guarantee companies" refer to companies legally established and operating financing guarantee businesses. According to the Financing Guarantee Rules, the establishment of financing guarantee companies shall be subject to the approval by the competent government department, and unless otherwise stipulated by the state, no entity may operate a financing guarantee business without such approval. If any entity violates these regulations and operates a financing guarantee business without approval, the entity may be subject to penalties including ban or suspension of business, fines of RMB500,000 (US$71,821) to RMB1,000,000 (US$143,641), and confiscation of any illegal gains, and if the violation constitutes a criminal offense, criminal liability shall be imposed in accordance with the law.

On October 9, 2019, the CBIRC and eight other PRC regulatory agencies promulgated the Supplementary Provisions on the Supervision and Administration of Financing Guarantee Companies, or the Financing Guarantee Supplementary Provisions, which became effective the same day. The Financing Guarantee Supplementary Provisions provide that institutions providing services such as client recommendation and credit assessment to various institutional funding partners shall not render any financing guarantee service, whether in direct form or disguised form, without the approval of the competent authorities.

Regulations Relating to Anti-Money Laundering

The Anti-money Laundering Law, which became effective in 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. Financial institutions subject to the Anti-money Laundering Law include banks, credit unions, trust investment companies, stock brokerage companies, futures brokerage companies, insurance companies, fund management companies and other financial institutions as listed and published 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 People's Bank of China 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 fund sales institutions.

The Administrative Measures for Internet Finance Service Providers Regarding Anti-Money Laundering and Counter Terrorism Financing (Trial Version), or the Administrative Measures Regarding AML and CTF, which were issued jointly by the People's Bank of China, the CBIRC and the CSRC on October 10, 2018 and became effective on January 1, 2019, require internet finance service providers (including service providers of internet fund sale or internet insurance brokerage) to comply with certain anti-money laundering and counter terrorism financing requirements, including (i) establishing an internal control system for anti-money laundering and counter terrorism financing, (ii) establishing a customer identification program, (iii) monitoring terrorist organizations and terrorists, (iv) monitoring and reporting suspicious transactions and (v) preserving customer information and transaction records. The Administrative Measures Regarding AML and CTF define internet service providers as institutions which are approved or filed by the relative authorities to operate internet financial business in accordance with the law. However, the specific applicable scope of the Administrative Measures Regarding AML and CTF has yet to be determined.

The Fund Sale Measures, promulgated by the CSRC in 2013, require independent fund sales institutions to comply with certain anti-money laundering requirements, including establishing a customer identification program, monitoring and reporting suspicious transactions and preserving customer information and transaction records.

The Notice on Anti-Money Laundering Operations of the Insurance Industry, promulgated by the China Insurance Regulatory Commission in 2011, requires insurance brokerage agencies to establish anti-money laundering internal control systems and provide assistance to public security departments and judicial authorities in investigations.

Regulations Relating to Internet Information Security and Privacy Protection

Internet information in China is regulated from a national security standpoint. The Decisions on Preserving Internet Security, originally enacted by the Standing Committee of the National People's Congress in 2000, subject violators to potential criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance, (ii) disseminate politically disruptive information, (iii) leak state secrets, (iv) spread false commercial information or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit the use of the internet in ways which, among other things, result in a leak of state secrets or a spread of socially destabilizing content. If an internet information service provider violates these measures, the Ministry of Public Security and its local branches may revoke its operating license and shut down its websites.

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. Under the Several Provisions on Regulating the Market Order of Internet Information Services, which was issued by the MIIT and became effective in 2012, an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of the user. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such users' 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's personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, immediately report to the telecommunications 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 in 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Moreover, pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015, any internet service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty for (i) any dissemination of illegal information on a large scale, (ii) any severe effects due to the leakage of the client's information, (iii) any serious loss of criminal evidence or (iv) any other severe situation arising from a violation of the applicable laws or regulations. Any individual or entity that sells or provides personal information to others in violation of applicable law, or that steals or illegally obtains any personal information, is subject to criminal penalties in severe situations. In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing Personal Information, issued in May 2017 and effective in June 2017, clarified certain standards for the conviction and sentencing of criminals in relation to personal information infringement. In addition, the General Provisions of the PRC Civil Law, which were promulgated in March 2017 and became effective in October 2017, require that personal information of individuals shall be protected.

In November 2016, the Standing Committee of the National People's Congress released the Internet Security Law, which took effect in June 2017. The Internet 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 Internet Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

In January 2019, the Central Cyberspace Affairs Commission, the MIIT, the Ministry of Public Security, and the State Administration for Market Regulation jointly issued the Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps to carry out special campaigns against mobile apps collecting and using personal information in violation of applicable laws and regulations. The announcement prohibits business operators from collecting personal information irrelevant to their services or forcing users to give authorization in disguised manner. In November 2019, the Cyberspace Administration of the PRC, the MIIT, the Ministry of Public Security and the State Administration for Market Regulation promulgated the Identification Method of Illegal Collection and Use of Personal Information by Apps, which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, for the app operators to conduct self-examination and self-correction, and for other participants to voluntarily monitor compliance.

Regulations Relating to Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright. Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law, which was originally promulgated in 1990, and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Patent. The Patent Law, which was originally promulgated in 1984, provides for patentable inventions, utility models and designs. An invention or utility model for which patents may be granted must have novelty, creativity and practical applicability. The State Intellectual Property Office under the State Council is responsible for examining and approving patent applications.

Trademark. The Trademark Law, which was originally promulgated in 1982, and its implementation rules protect registered trademarks. The Trademark Office of the State Administration for Industry & Commerce is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration.

Domain Name. The MIIT is the major regulatory body responsible for the administration of PRC internet domain names. Domain names are protected under the Measures for the Administration of the Internet Domain Names, promulgated by the MIIT in August 2017 and effective in November 2017. These measures have adopted a "first-to-file" principle with respect to the registration of domain names.

Regulations Relating to Tax

Enterprise Income Tax

Enterprise income tax is calculated based on taxable income, which is determined under the Enterprise Income Tax Law, promulgated by the National People's Congress and implemented in 2008, and the implementation rules promulgated by the State Council and implemented at the same time. The Enterprise Income Tax Law was further amended in February 2017 and again in December 2018 and the implementation rules to the Enterprise Income Tax Law were amended in April 2019. The Enterprise Income Tax Law imposes a uniform enterprise income tax rate of 25% on all resident enterprises in the PRC, including both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions. 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. Sky City Beijing is qualified as a "high and new technology enterprise" under the Enterprise Income Tax Law and is eligible for a preferential enterprise income tax rate of 15% from 2018 to 2020, so long as it obtains approval from the relevant tax authority. In addition, we believe it more-likely-than-not that Sky City Beijing will be qualified as an eligible software enterprise before the income tax year-end final settlement in 2019. As a result of this qualification, Sky City Beijing is entitled to a tax holiday of a full exemption for 2019 because its taxable income is greater than zero, followed by a three-year 50% exemption. Beijing Hongdian was qualified as a "high and new technology enterprise" under the Enterprise Income Tax Law and was eligible for a preferential enterprise income tax rate of 15% from 2016 to 2018. However, in 2019, we did not apply for renewal as we did not expect Beijing Hongdian to be profitable in the near future. Therefore, Beijing Hongdian is subject to an income tax rate of 25% in 2019.

In addition, enterprises registered in countries or regions outside the PRC which have their “de facto management bodies” located inside the PRC may be considered PRC resident enterprises and therefore be subject to enterprise income tax in the PRC at the rate of 25% on their worldwide income. The implementation rules of the Enterprise Income Tax Law define “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” However, the only detailed guidance currently available for the definition of “de facto management body” as well as the determination and administration of tax residency status of offshore-incorporated enterprises is set forth in the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, originally promulgated by the State Administration of Taxation in 2009, and the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Overseas Incorporated Resident Enterprises (Trial Version), or Bulletin No. 45, originally issued by the State Administration of Taxation in 2011. Circular 82 and Bulletin No. 45 provide guidance on the administration as well as determination of the tax residency status of a Chinese-controlled offshore-incorporated enterprise, defined as an enterprise that is incorporated under the law of a foreign country or territory and that has a PRC company or PRC corporate group as its primary controlling shareholder.

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC resident enterprise 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:

- the primary location of the day-to-day operational management and the places where the “de facto management bodies” perform their duties are in the PRC;
- decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval of organizations or personnel in the PRC;
- the enterprise’s primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

Bulletin No. 45 further clarifies certain issues related to the determination of tax resident status and competent tax authorities. It also specifies that when provided with a copy of Recognition of Residential Status from a resident Chinese-controlled offshore-incorporated enterprise, a payer does not need to withhold income tax when paying certain PRC-sourced income such as dividends, interest and royalties to such Chinese-controlled offshore-incorporated enterprise.

Income Tax for Share Transfers

According to the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises, or Circular 7, promulgated by the State Administration of Taxation in 2015 and amended in 2017, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in a public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and the indirect equity transfer will be treated as a direct transfer. As a result, the gain derived from such transfer, which means the equity transfer price less the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%. Under the terms of Circular 7, a transfer which meets all of the following circumstances shall be directly deemed as having no reasonable commercial purposes: (i) over 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties; (ii) at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territory, or in the year before the indirect transfer, over 90% of the offshore holding company’s revenue is directly or indirectly derived from PRC territory; (iii) the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; and (iv) the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

There is uncertainty as to the application of Circular 7. Circular 7 may be determined by the PRC tax authorities to be applicable to our prior private equity financing transactions that involved non-resident investors, if any of such transactions is determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may be at risk of being taxed under Circular 7.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise, which is the beneficial owner of such dividends, is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% share ownership in the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, promulgated by the State Administration of Taxation in 2009, a Hong Kong resident enterprise, which is the beneficial owner of applicable dividends, must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must be a company as provided in the tax treaty, (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise and (iii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. The Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, also known as Circular 60, promulgated by the State Administration of Taxation in 2015 and amended in June 2018, provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities.

In February 2018, the State Administration of Taxation promulgated the Notice on Issues Related to the “Beneficial Owner” in Tax Treaties, according to which, when determining the applicant’s status as the “beneficial owner”, as stipulated in the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income and Circular 81, regarding tax treatment in connection with dividends in the tax treaties, several factors will be taken into account, including whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in a 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 grants a tax exemption on the relevant income or levies tax at an extremely low rate, and the tax treatment will be analyzed according to the actual circumstances of the specific cases. In October 2019, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatment under Tax Treaties, or Circular 35, which became effective as of January 1, 2020 and superseded Circular 60 on the same date. In contrast to Circular 60, Circular 35 provides that where non-resident taxpayers determine on their own that they meet the conditions for enjoying the treatment under tax treaties, they may automatically enjoy such treatment when filing tax returns or filing tax returns for tax withheld by withholding agents, provided that they collect and retain relevant materials for reference, subject to further determination by the tax authorities.

Accordingly, Sky City Hong Kong Limited and Next Hop Hong Kong Limited, our wholly owned subsidiaries in Hong Kong, may be able to enjoy the 5% withholding tax rate for the dividends they receive respectively from Pintec (Ganzhou) Technology Co., Ltd. and Anxunying (Tianjin) Commercial Factoring, their wholly owned subsidiaries in China, if they satisfy the conditions prescribed under Circular 81, the Notice on Issues Related to the “Beneficial Owner” in Tax Treaties, the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income and other relevant tax rules and regulations. However, according to Circular 81, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

Regulations Relating to Foreign Currency Exchange

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Regulations of the People’s Republic of China on Foreign Exchange Control, originally promulgated by the State Council in 1996. Under these regulations, the Renminbi is freely convertible for current account items, including trade and service-related foreign exchange transactions and other current exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities, unless the prior approval of SAFE is obtained and prior registration with SAFE is made.

The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investments, originally promulgated by SAFE in 2012 and most recently amended in December 2019, permitted the opening of various special purpose foreign exchange accounts, such as pre-establishment expense accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders without the approval or verification of SAFE. It also permitted for multiple capital accounts for the same entity to be opened in different provinces, which had not been possible previously. In addition, the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents, promulgated by SAFE in 2013 and amended in October 2018, 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 2015, SAFE released the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises, or Circular 19. This notice, which became effective in 2015 was amended in December 2019, has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises and lifted some foreign exchange restrictions. However, Circular 19 continues to prohibit foreign-invested enterprises from among other things, using Renminbi fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises.

In June 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement, or Circular 16. Compared to Circular 19, Circular 16 provides that, in addition to foreign exchange capital, foreign debt funds and proceeds remitted from foreign listings should also be subject to the discretional foreign exchange settlement. In addition, it also lifted the restriction, that foreign exchange capital under the capital accounts and the corresponding Renminbi capital obtained from foreign exchange settlement should not be used for repaying the inter-enterprise borrowings (including advances by the third party) or repaying bank loans in Renminbi that have been sub-lent to the third party.

In January 2017, SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review, or 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 profits. Moreover, pursuant to 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.

Foreign Exchange Registration of Overseas Investment by PRC Residents

The Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies, or Circular 37, promulgated by SAFE in 2014, requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing, referred to in Circular 37 as a "special purpose vehicle," using such PRC residents' onshore or offshore assets or equity interests. Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder 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 making profit distributions 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. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

The Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or Circular 13, released by SAFE in 2015, has amended Circular 37 by requiring PRC residents or entities to register with qualified banks rather than 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.

Share Option Rules

Pursuant to Circular 37, PRC residents who participate in share 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 companies. In addition, under the Notice of the State Administration of Foreign Exchange on Issues Related to Foreign Exchange Administration in Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Abroad, issued by SAFE in 2012, PRC residents who are granted shares or share options by companies listed on overseas stock exchanges under share incentive plans are required to (i) register with SAFE or its local branches, (ii) retain a qualified PRC agent, which may be a PRC subsidiary of the overseas listed company or another qualified institution selected by the PRC subsidiary, to conduct SAFE registration and other procedures with respect to the share incentive plans on behalf of the participants, and (iii) retain an overseas institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

Regulations Relating to Dividend Distribution

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from Pintec (Ganzhou) Technology Co., Ltd. and Anxunying (Tianjin) Commercial Factoring Co., Ltd., our wholly foreign-owned enterprises incorporated in China, to fund any cash and financing requirements we may have. The principal legislation with respect to payment or distribution of dividends by wholly foreign-owned enterprises include the Company Law, originally promulgated by the Standing Committee of the National People's Congress in 1999 and most recently amended in October 2018, and the PRC Foreign Investment Law. Under these laws, wholly foreign-owned enterprises in the PRC may pay dividends only out of accumulated profits, after setting aside annually at least 10% of accumulated after-tax profits as statutory reserve fund, if any, unless these reserves have reached 50% of the registered capital of the enterprises. These statutory reserve funds may not be distributed as cash dividends. A wholly foreign-owned enterprise may allocate a portion of its after-tax profits to certain optional reserve funds at its discretion. Profit of a wholly foreign-owned enterprise may not be distributed before its losses for the previous accounting years have been made up. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to M&A and Overseas Listings

Six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules. The M&A Rules became effective in 2006. Among other things, they require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

Regulations Relating to Employment

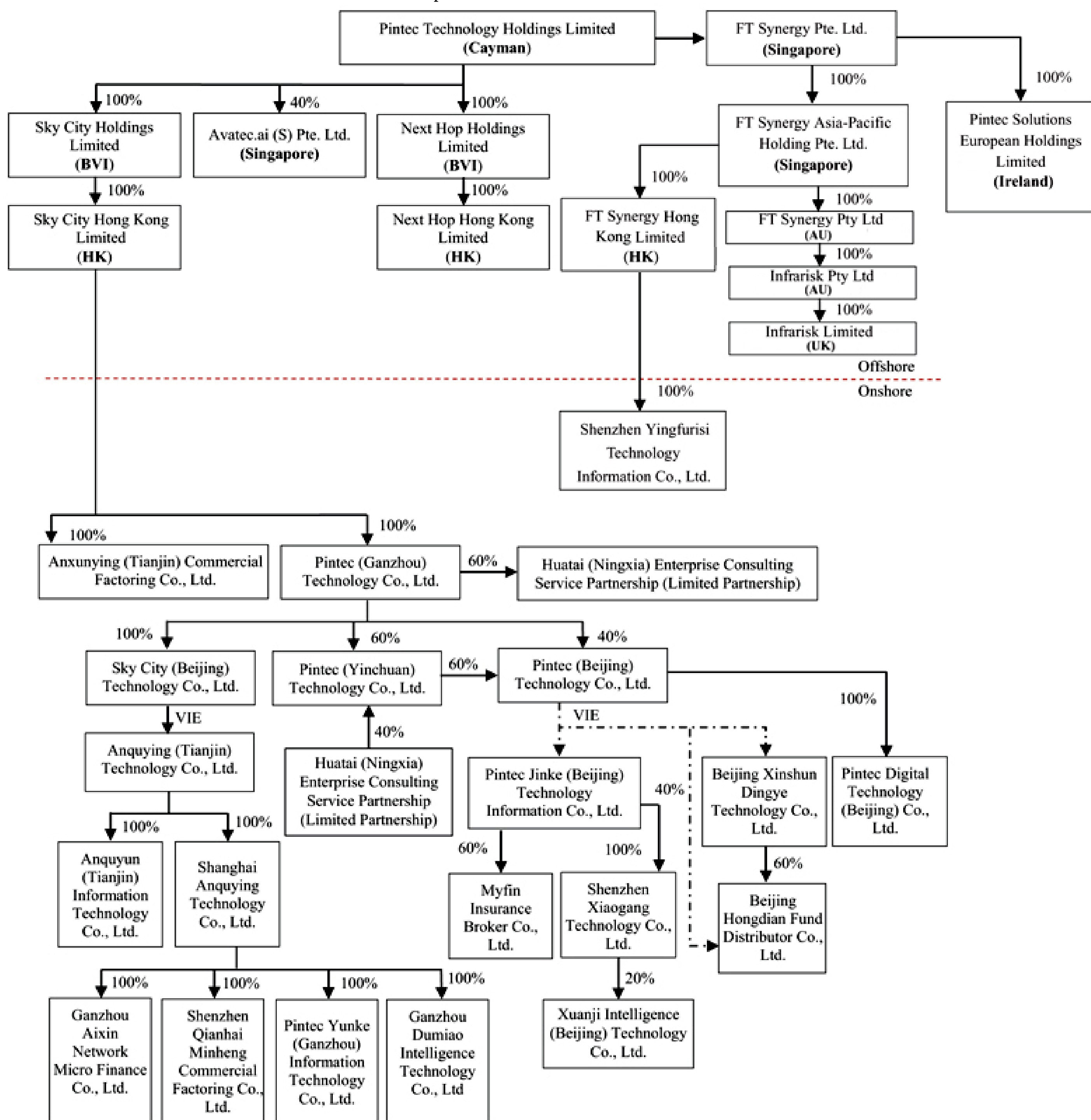
The Labor Law, originally promulgated by the National People's Congress in 1994 and most recently amended in December 2018, and the Labor Contract Law, originally promulgated by the Standing Committee of the National People's Congress in 2007, require employers to execute written employment contracts with full-time employees. If an employer fails to enter into a written employment contract with an employee for more than a month but less than a year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and paying the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. If an employer fails to conclude a written labor contract with a worker within one year of the date when it employs the worker, it will be deemed to have concluded an open-ended labor contract with the worker. All employers must compensate their employees with wages equal to at least the local minimum wage. Violations of the Labor Law and the Labor Contract Law may result in fines and other administrative sanctions, and serious violations may result in criminal liabilities.

The Social Insurance Law, which became effective in 2011 and was recently amended in December 2018, the Regulations on Management of Housing Provident Fund, originally released by the State Council in 2002, and other related rules and regulations require enterprises in China to participate in certain employee benefit plans, including social insurance funds, a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund, and to 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 subject the employer to fines and other administrative sanctions. According 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. According 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; otherwise, an application may be made to a local court for compulsory enforcement.

Table of Contents

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries, consolidated affiliated entities and subsidiaries of consolidated affiliated entities as of the date of this annual report on Form 20-F:



Our Relationship with Jimu Group

We and Jimu Group have a high degree of overlap in shareholding as of the date of this annual report. Our predecessor, Jimu Holdings Limited, formerly known as Pintec Holdings Limited, was founded in 2013 and has grown to become a large financial services company focusing on providing peer-to-peer lending and financial solutions in China. Prior to our pre-IPO reorganization and the establishment of Pintec Technology Holdings Limited, our business was carried out by various subsidiaries and variable interest entities of our predecessor. Since September 2016, our business and the Jimu business have been operating substantially independent of each other. Pursuant to our pre-IPO reorganization, all of the shares of Pintec Technology Holdings Limited were issued to the shareholders of Jimu Group's holding company such that Pintec Technology Holdings Limited had the same shareholders, in the same proportions and with the same rights, immediately after the reorganization as Jimu Group's holding company did. In addition, two of the directors on our board, namely, Mr. Jun Dong and Ms. Xiaomei Peng, also sit on the board of Jimu Holdings Limited. We entered into various transaction agreements in connection with our pre-IPO reorganization in December 2017. The reorganization was completed in March 2018. The peer-to-peer lending business and provision of related services are now carried out by Jimu Group, while our business is carried out by our own subsidiaries and variable interest entities and their subsidiaries.

Jimu Box was the single largest funding source for loans facilitated through our platform since our inception to 2018. Jimu Box was the funding source for 81% of the outstanding loans facilitated through our platform as of December 31, 2017, 62% of the outstanding loans as of December 31, 2018 and 24% of the outstanding loans as of December 31, 2019. Funding from Jimu Box decreased significantly in 2019. In the fourth quarter of 2019, Jimu Box's funding accounted for less than 5% of the total loans that we facilitated. Since Jimu Group announced its exit from the online lending platform business in February 2020, funding by Jimu Box further decreased to less than 1% of the total loans that we facilitated in the first quarter of 2020. We do not expect any further funding from Jimu Box in the future.

In the past, we also relied on Jimu Group's brand to have more accessible funding sources by way of relying on certain guarantee arrangement between Jimu Group and our financial partners. We ceased our reliance on Jimu Group for the provision of guarantee services in 2019.

We entered into two loan agreements with Jimu Group on July 19, 2019, to formally document the amounts due from Jimu Group that were attributable to the cash advances we made to Jimu Group outside of the ordinary course of business prior to May 31, 2019. As of December 31, 2019, the principal amount due under the U.S. dollar-denominated loan agreement was US$18.4 million, and the principal amount due under the Renminbi-denominated loan agreement was RMB154.6 million (US$22.2 million). As of December 31, 2019, we had RMB866.0 million (US$124.4 million) in amounts due from Jimu Group, including the amounts due under these loans, as compared to RMB4.5 million (US$0.6 million) in amounts due to Jimu Group. The U.S. dollar-denominated loan matured on January 31, 2020 but Jimu Group failed to repay the amount due by the maturity date. We have officially initiated the collection process and formally notified Jimu Group for the repayment of the outstanding balances. However, we determined that it was not probable for the amounts due from Jimu Group to be collected or recovered. The Renminbi-denominated loan matures on January 31, 2022.

We entered into a series of agreements with Jimu Group with respect to our pre-IPO reorganization and the post-reorganization relationship between us and Jimu Group, including a master transaction agreement, a cooperation framework agreement, a non-competition agreement and an intellectual property license agreement. The following are summaries of these agreements.

Master Transaction Agreement

The master transaction agreement contains provisions relating to our pre-IPO reorganization and our ongoing relationship with Jimu Group after the reorganization. Pursuant to this agreement, we are responsible for all financial liabilities associated with our business, whether current or historical, and operations that have been conducted by or transferred to us, and Jimu Group is responsible for financial liabilities associated with all of Jimu Group's other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The master transaction agreement also contains indemnification provisions under which we and Jimu Group agree to indemnify each other with respect to breaches of the master transaction agreement or any related inter-company agreement.

In addition, we agreed to indemnify Jimu Group against liabilities arising from misstatements or omissions in our prospectus or the registration statement of which it was a part, except for misstatements or omissions relating to information that Jimu Group provided to us specifically for inclusion in our prospectus or the registration statement of which it formed a part. Jimu Group agreed to indemnify us against liabilities arising from misstatements or omissions in its subsequent filings, if any, or with respect to information that Jimu Group provided to us specifically for inclusion in our prospectus, the registration statement of which our prospectus formed a part, or our annual reports or other SEC filings following the filing of the registration statement with the SEC of which our prospectus was a part, but only to the extent that the information pertains to Jimu Group or the Jimu business or to the extent we provided Jimu Group prior written notice that the information would be included in our prospectus or other SEC filings and the liability does not result from our action or inaction.

The master transaction agreement also contains a general release, under which the parties will release each other from any liabilities arising from events occurring on or before the initial filing date of the registration statement of which our prospectus formed a part, including in connection with the activities undertaken to implement our initial public offering. The general release does not apply to liabilities allocated between the parties under the master transaction agreement or the other inter-company agreements.

The master transaction agreement will automatically terminate five years after October 29, 2018. This agreement can be terminated early or extended by mutual written consent of the parties. The termination of this agreement will not affect the validity and effectiveness of the cooperation framework agreement, the non-competition agreement and the intellectual property license agreement.

Cooperation Framework Agreement

Under the cooperation framework agreement, Jimu Group agrees to fund the loans to borrowers referred and approved by us up to an aggregate of no less than 50% of all of the loans matched on Jimu Group's online peer-to-peer lending platform each month. We agree to provide Jimu Group with certain services and support, including borrower referral, repayment management and transaction and technology support.

We and Jimu Group agree that the fee rate, if any, charged by one party to the other party in connection with any of the foregoing areas of cooperation will be negotiated on an arm's length basis. We will enter into separate specific agreements from time to time as necessary and appropriate for the purpose of the cooperation.

This agreement became effective on October 29, 2018 and expires on the later of (i) the date that is 15 calendar days after the first quarter-end date that the common shareholding between Jimu Group's holding company and Pintec drops below 20%; and (ii) the 15th anniversary of October 29, 2018.

Non-competition Agreement

Our non-competition agreement with Jimu Group provides for a non-competition period beginning upon October 29, 2018 and ending on the later of (i) the date that is 15 calendar days after the first quarter-end date that the common shareholding between Jimu and Pintec drops below 20%; and (ii) the 15th anniversary of October 29, 2018.

We agree not to compete with Jimu Group during the non-competition period in any business that is of the same nature as the peer-to-peer lending business, excluding, for the avoidance of doubt, any part of the business that we currently conduct or contemplate to conduct. Jimu Group agrees not to compete with us during the non-competition period in the businesses conducted by us, other than any peer-to-peer lending business, excluding, for the avoidance of doubt, any part of the business that we currently conduct or contemplate to conduct.

The non-competition agreement also provides for a mutual non-solicitation obligation that neither Jimu Group nor we may, during the non-competition period, hire or solicit for hire any active employees of or individuals providing consulting services to the other party, or any former employees of or individuals that provided consulting services to the other party within the previous six months, without the other party's consent, except for solicitation activities through generalized non-targeted advertisement not directed to such employees or individuals that do not result in a hiring within the non-competition period.

Intellectual Property License Agreement

Under the intellectual property license agreement, Jimu Group grants us and our subsidiaries and variable interest entities a worldwide, royalty-free, fully paid-up, sublicensable, non-transferable, unlimited, exclusive license of certain intellectual property owned by Jimu Group to use, reproduce, modify, prepare derivative works of, perform, display, transfer or otherwise exploit, until and unless, with respect to each intellectual property, such intellectual property is transferred to our company or any of our subsidiaries or consolidated variable interest entities.

This agreement has become effective and will expire on the date on which all relevant intellectual property have been transferred to Pintec.

Contractual Arrangements with Our Variable Interest Entities

PRC laws and regulations impose restrictions on foreign ownership and investment in internet-based businesses such as distribution of online information, insurance brokerage, fund distribution and other value-added telecommunications services. We are a Cayman Islands company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with PRC laws and regulations, we have entered into a series of contractual arrangements, through our PRC subsidiaries, with our variable interest entities and the shareholders of our variable interest entities to obtain effective control over our variable interest entities and their subsidiaries.

We currently conduct our business through our variable interest entities and their subsidiaries based on these contractual arrangements, which allow us to:

- exercise effective control over our variable interest entities and their subsidiaries;
- receive substantially all of the economic benefits from our variable interest entities and their subsidiaries; and
- have an exclusive option to purchase all or part of the equity interests in our variable interest entities and when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we have become the primary beneficiary of our variable interest entities under U.S. GAAP. We have consolidated the financial results of our variable interest entities and their subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

The following is a summary of the currently effective contractual arrangements between our PRC subsidiaries, our variable interest entities and their shareholders

Agreements that Allow Us to Receive Economic Benefits from Our Variable Interest Entities

Exclusive Business Cooperation Agreements. Our PRC subsidiaries entered into exclusive business cooperation agreements with each of our variable interest entities. Pursuant to these agreements, our PRC subsidiaries or their designated parties have the exclusive right to provide our variable interest entities with comprehensive business support, technical support and consulting services. Without our PRC subsidiaries' prior written consent, our variable interest entities shall not accept any consulting and/or services covered by these agreements from any third party. Our variable interest entities agree to pay service fees based on services provided and their commercial value on a quarterly basis or other service fees for specific services as required and as otherwise agreed by both parties. Our PRC subsidiaries own the intellectual property rights arising out of the services performed under these agreements. Unless our PRC subsidiaries terminate these agreements or pursuant to other provisions of these agreements, these agreements will remain effective for ten years. These agreements can be terminated by our PRC subsidiaries with 30 days' advance written notice, our variable interest entities have no right to unilaterally terminate these agreements, subject to certain exceptions.

Agreements that Provide Us with Effective Control over Our Variable Interest Entities

Power of Attorney. Through a series of powers of attorney, each shareholder of our variable interest entities irrevocably authorizes our PRC subsidiaries or any person(s) designated by our PRC subsidiaries to act as its attorney-in-fact to exercise all of such shareholder's voting and other rights associated with the shareholder's equity interest in our variable interest entities, including but not limited to the right to attend shareholder meetings on behalf of such shareholder, the right to appoint legal representatives, directors, supervisors and chief executive officers and other senior management, and the right to sell, transfer, pledge and dispose of all or a portion of the shares held by such shareholder. The power of attorney is irrevocable and remains in force continuously upon execution.

Equity Pledge Agreement. Our PRC subsidiaries have entered into an equity pledge agreement with each shareholder of our variable interest entities. Pursuant to these equity pledge agreements, each shareholder of our variable interest entities has pledged all of his or her equity interest in our variable interest entities to our PRC subsidiaries to guarantee the performance by such shareholder and our variable interest entities of their respective obligations under the exclusive business cooperation agreements, the power of attorney, the exclusive option agreements, and any amendment, supplement or restatement to such agreements. If our variable interest entities or any of their shareholders breach any obligations under these agreements, our PRC subsidiaries, as pledgee, will be entitled to dispose of the pledged equity and have priority to be compensated by the proceeds from the disposal of the pledged equity. Each of the shareholders of our variable interest entities agrees that before his or her obligations under the contractual arrangements are discharged, he or she will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests which may result in the change of the pledged equity that may have adverse effects on the pledgee's rights under these agreements without the prior written consent of our PRC subsidiaries. These equity pledge agreements will remain effective until our variable interest entities and their shareholders discharge all their obligations under the contractual arrangements, except that the equity pledge under (i) the equity pledge agreement entered into by and among Pintec Beijing, Beijing Hongdian and Beijing Hongdian's shareholders and (ii) the equity pledge agreement entered among Pintec Beijing, Xinshun Dingye and Xinshun Dingye's shareholders, would not be deemed validly created until it is registered with the competent government authorities.

Agreements that Provide Us with the Option to Purchase the Equity Interest in Our Variable Interest Entities

Exclusive Option Agreements. Our PRC subsidiaries have entered into exclusive option agreements with our variable interest entities and their respective shareholders. Pursuant to these exclusive option agreements, the shareholders of our variable interest entities have irrevocably granted our PRC subsidiaries or any third party designated by our PRC subsidiaries an exclusive option to purchase all or part of their respective equity interests in our variable interest entities. In addition, our variable interest entities have irrevocably granted our PRC subsidiaries or any third party designated by our PRC subsidiaries an exclusive option to purchase all or part of their respective assets in our variable interest entities. The purchase price of equity interests in our variable interest entities will be the lower of RMB1.00 per share or the lowest price permitted by law. The purchase price of assets in our variable interest entities will be the lower of the book value of the asset or the lowest price permitted by law. Without our PRC subsidiaries' prior written consent, our variable interest entities shall not, among other things, amend their articles of association, increase or decrease the registered capital, sell, dispose of or set any encumbrance on their assets, business or revenue, enter into any material contract outside the ordinary course of business, merge with any other persons, make any investments or distribute dividends. The shareholders of our variable interest entities also undertake that they will not transfer, gift or otherwise dispose of their respective equity interests in our variable interest entities to any third party or create or allow any encumbrance on their equity interests within the term of these agreements. These agreements will remain effective for ten years and will be extended at the sole discretion of our PRC subsidiaries.

In the opinion of Shihui Partners, our PRC counsel: the ownership structures of our variable interest entities, currently do not result in any violation of the applicable PRC laws or regulations currently in effect; and the contractual arrangements among our PRC subsidiaries, our variable interest entities and their shareholders, are governed by PRC laws or regulations, and are currently valid, binding and enforceable in accordance with the applicable PRC laws or regulations currently in effect, and do not result in any violation of the applicable PRC laws or regulations currently in effect, except that the equity pledge under (i) the equity pledge agreement entered into by and among Pintec Beijing, Beijing Hongdian and Beijing Hongdian's shareholders and (ii) the equity pledge agreement entered among Pintec Beijing, Xinshun Dingye and Xinshun Dingye's shareholders, would not be deemed validly created until it is registered with the competent government authorities. However, Shihui Partners 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.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. In particular, in March 2019, the National People's Congress passed the PRC Foreign Investment Law, which became effective as of January 1, 2020. Notwithstanding the above, the PRC Foreign Investment Law stipulates that foreign investment includes "foreign investors investing in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council". Therefore, it is possible that future laws, administrative regulations, or provisions prescribed by the State Council may stipulate the variable interest entity structure as a form of foreign investment. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our internet-based businesses such as distribution of online information, insurance brokerage, fund distribution and other value-added telecommunications services do not comply with PRC government restrictions on foreign investment in these areas, we could be subject to severe penalties, including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure" and "—Risks Relating to Doing Business in China."

D. Property, Plant and Equipment

Our corporate headquarters are located in Beijing, China, where we lease office space with an area of approximately 3,772 square meters as of the date of this annual report. We also lease office space in Shanghai, China, with an area of approximately 1,064 square meters and in Singapore with an area of approximately 289 square meters. We lease our premises from unrelated third parties under operating lease agreements. The three leases will expire in June 2024, September 2023 and March 2022, respectively. We also lease office space in Ganzhou, Jiangxi province. Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited consolidated financial statements and the related notes included in this annual report on Form 20-F. This report contains forward-looking statements. See "Forward-Looking Information." In evaluating our business, you should carefully consider the information provided under the caption "Item 3. Key Information—D. Risk Factors" in this annual report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are a leading independent technology company enabling financial services in China. We connect business partners and financial partners with our solutions and enable them to provide financial services to users efficiently and effectively.

We generate our revenues primarily from technical service fees and installment service fees. We generate technical service fee revenue by providing online credit assessment and referral services, post-lending management services and financial guarantee services. We generate installment service fee revenue through the point-of-sale installment payment services that we provide to the users of the business partners' platforms or the provision of personal and business installment loans to borrowers through trust arrangements. Installment service fees are recognized on a gross basis, with the interest from the borrower recognized as revenue and the corresponding funding cost recognized as cost of revenues. We bear credit risk in connection with most of the loans that we facilitate. See "—Funding Sources and Credit Risk."

We experienced significant growth in the first three years after we launched our platform in June 2015, until challenges facing the online consumer finance industry in the second half of 2018 impacted our growth for 2018 and 2019. In 2017, 2018 and 2019, we processed approximately 21.3 million, 15.4 million and 8.6 million loan applications, respectively, and facilitated a total of approximately RMB15.4 billion, RMB14.7 billion and RMB11.0 billion (US$1.6 billion) in loans, respectively. Our revenues increased from RMB763.0 million in 2017 to RMB1,603.6 million in 2018, primarily due to significant increases in monthly service fees. The increases in these fees are attributable to the growth in the outstanding balances of personal installment loans as a result of the significant growth in our businesses. However, due to the continued effect from the difficult environment in the second half of 2018, our revenues decreased to RMB1,285.2 million (US$184.6 million) in 2019.

Key Factors Affecting Our Results of Operations

Consumer Finance Market

The consumer finance market in China has grown rapidly in recent years, as Chinese consumers have been more willing to incur debt to support their lifestyle. Consumption growth has been outpacing gross domestic product growth since 2008. We expect that continued growth in the consumer finance market will create favorable conditions for our company to continue to grow, provided that PRC government fiscal and economic policies remain broadly supportive of growth in debt-financed consumption. In addition, macroeconomic conditions affect consumers' willingness to incur debt more generally, though not necessarily in a straightforward way. For example, consumers may be willing to incur more debt when they are confident about their future, but they may also feel compelled to incur debt when they suffer a reduction or interruption in their income. Adverse economic conditions would likely cause defaults to increase.

Ability to Collaborate with Business Partners

The growth of our business will depend in part on our ability to expand into new verticals and increase penetration in existing verticals to increase the number of our business partners, in particular business partners with large user bases. We acquire substantially all of our users through our business partners, not only the users who borrow point-of-sale installment loans when buying goods or services from our business partners but also the users who borrow personal installment loans. Whether and how quickly we can acquire new business partners, whether in new verticals or in existing verticals, and especially business partners with large user bases, will have a significant impact on the rate of growth of our revenues.

Ability to Collaborate with Financial Partners

The growth of our business will depend on our ability to seek sufficient funding sources for the loans that we facilitate on our online consumer finance platform. Jimu Box was the funding source for 81% of the outstanding loans facilitated through our platform as of December 31, 2017, but we succeeded in reducing this to 62% of the outstanding loans as of December 31, 2018 and 24% of the outstanding loans as of December 31, 2019. We expect that loans funded by Jimu Box will be minimal in 2020. We are likely to need more capital as we acquire additional financial partners, expand our business in both domestic and international markets, and explore other funding product types.

Ability to Manage Risk

We offer risk management solutions to our partners, including both anti-fraud and risk-based pricing capabilities. If we are unable to prevent fraud or price risk properly, our partners may choose not to continue to use our solutions and we may find it difficult to attract new partners. Furthermore, while our business model is to connect business and financial partners and enable them to provide financial services to end users, we do bear credit risk under most of our funding arrangements. We generally enjoy a larger proportion of the profits when we bear credit risk, but if our risk management capabilities are not effective, we may suffer higher-than-expected losses. Therefore, we must continually improve our risk management and risk-based pricing capability.

Margin Contribution and Product Mix

Our gross margin for point-of-sale lending solutions has historically been low compared to the gross margin for our personal installment loans. The relatively low fees we charge for point-of-sale lending solutions are an inducement for business partners to share traffic with us. Our success in attracting users of point-of-sale installment loans to borrow personal installment loans or to engage in other transactions that we facilitate will play a significant role in our ability to achieve profitability. As our product mix shifts to include a higher proportion of personal installment loans, we expect our overall margin to trend higher. We also believe that our margin should trend higher as our solutions earn increasing acceptance among existing and potential business and financial partners. In addition, our success in further diversifying our product mix and generating revenues from wealth management and other products will further increase our growth potential. However, if we cannot manage our product mix to continue to attract new users through point-of-sale installment loans while simultaneously maintaining or improving our overall gross margins by cross-selling other services to our users, our overall margin and may not trend higher as expected and our ability to achieve profitability may be negatively affected.

Regulations

The PRC government is in the process of developing and implementing a regulatory framework to govern the online consumer finance market. We expect that the regulatory framework will remain unclear for some time to come. If the PRC governmental authorities adopt stringent regulations on financial service providers in this market, our business and financial partners may be unable or unwilling to adopt our solutions. If the authorities impose specific requirements (including licensing requirements) on us, it may be difficult or costly for us to comply. Regulations may be adopted in a way that favor competing business models or that disadvantage the offline consumer finance industry as a whole in comparison to more traditional forms of line lending.

Our Relationship with Jimu Group

We commenced our business in June 2015 as a business unit within our predecessor, Jimu Holdings Limited, which is Jimu Group's holding company. Pintec Technology Holdings Limited was incorporated in the Cayman Islands as a holding company for our business in March 2017. Pursuant to our pre-IPO reorganization, all of the shares of Pintec Technology Holdings Limited were issued to the shareholders of Jimu Group's holding company such that Pintec Technology Holdings Limited had the same shareholders, in the same proportions and with the same rights, as Jimu Group's holding company did immediately prior to our initial public offering. Two of the directors on our board, namely, Jun Dong and Xiaomei Peng, also sit on the board of Jimu Holdings Limited.

Previously, our business was carried out by various subsidiaries and variable interest entities of Jimu Group's holding company. These subsidiaries have been transferred to Pintec Technology Holdings Limited as part of our pre-IPO reorganization, and our business is now carried out by our own subsidiaries and consolidated variable interest entities. Our consolidated financial statements included elsewhere in this annual report include the assets, liabilities, revenues, expenses and cash flows that were directly attributable to us throughout the periods presented. See "—Critical Accounting Policies, Judgments and Estimates—Basis of Presentation, Combination and Consolidation."

In the past, our business shared certain facilitation and servicing, sales and marketing, and general and administrative expenses with the peer-to-peer funding business of Jimu Group, as well as the services of a number of employees. In preparation for our initial public offering, Jimu Group began to establish separate functions for the two businesses. We have been operating our financing solutions business separately from Jimu's peer-to-peer funding business since June 2015, and we have been operating our company substantially as a stand-alone company since September 2016. We no longer share any employees or administrative, accounting or legal functions with Jimu Group. The accompanying consolidated financial statements include both our direct expenses and allocations for various facilitation and servicing, sales and marketing, general and administrative expenses incurred by Jimu Group that are related to the financing solutions business. These allocations were made based on the actual amount incurred and borne by Jimu Group on behalf of us. See "—Critical Accounting Policies, Judgments and Estimates—Reorganization."

Jimu Box, the online consumer finance platform operated by Jimu Group, was the single largest funding source for loans facilitated through our platform in the past. Jimu Box was the funding source for 86% of the outstanding loans facilitated through our platform as of December 31, 2017, 62% of the outstanding loans as of December 31, 2018, and 24% of the outstanding loans as of December 31, 2019. Funding from Jimu Box decreased significantly in 2019. In the fourth quarter of 2019, Jimu Box's funding accounted for less than 5% of the total loans that we facilitated. Since Jimu Group announced its exit from the online lending platform business in February 2020, funding by Jimu Box further decreased to less than 1% of the total loans that we facilitated in the first quarter of 2020. We do not expect any further funding from Jimu Box in the future.

Jimu Box was previously involved in providing credit enhancement to individual investors for loans that we have referred and funded through Jimu Group, but it discontinued this practice in 2018. Effective April 1, 2019, Jimu Group required that we provide credit enhancement for the loans we facilitated that were funded through Jimu Box. We and Jimu Group entered into a supplement to the information service cooperation agreement in December 2019, pursuant to which both parties agree to settle all transactions under the information service cooperation agreement occurring prior to January 1, 2020, and that we will not bear any guarantee obligation for transactions occurring after January 1, 2020. Since Jimu Group became insolvent and announced its exit from the online lending platform business in February 2020 pursuant to relevant regulations, there are significant outstanding balances on its platform unpaid to investors that have priority over any other debts, including the balance due to us. We determined that it was not probable for the amounts due from Jimu Group to be collected or recovered. We are not likely to continue any ongoing business relationship with Jimu Group.

We entered into a series of agreements with Jimu Group with respect to our pre-IPO reorganization and the post-reorganization relationship between us and Jimu Group. For a description of the terms of these agreements, see "Item 4. Information on the Company—C. Organizational Structure —Our Relationship with Jimu Group."

Funding Sources and Credit Risk

Our goal is to act as a financial solutions provider and to reduce the credit risk we take on the loan products that we facilitate. However, independent financial solution providers that bear minimal credit risks, such as ourselves, have generally experienced unfavorable market conditions in China. In order to address the market challenges, we now have credit risk for a higher proportion of our funding than we did at the time of our initial public offering.

Personal and business installment loans. We facilitate personal and business installment loans by entering into financing service agreements with borrowers and financial partners. We provide online credit assessment and referral services, post-lending management services and financial guarantee services under these arrangements. For regulatory and commercial strategy reasons, we are in the process of amending our agreements with our lending solutions partners so that we no longer have contractual relationships with their borrowers.

In 2016, Jimu Box was the sole lending solutions partner to enter into these financing service agreements with us, and it provided peer-to-peer matching services to the borrowers. In 2017, other lending solutions partners also began to provide funds for the personal and business installment loans that we facilitate. In 2018 and 2019, we continued to diversify our funding partners and deepened our cooperation with several existing lending solution partners. Our reliance on Jimu Group as a lending solutions partner declined to a significant extent. In February 2020, Jimu Box announced its exit from the online lending platform business and its plans to transform into a micro finance company, starting from when it ceases providing funding to us until its successful transition. As a result, we expect that our credit risk for funding through Jimu Box will be minimal for the foreseeable future.

Previously, under most funding arrangements, the financial partner bore the credit risk for personal and business installment loans, and we did not bear credit risk ourselves. However, we did fund some personal and business installment loans through trust structures where we retained some liability or through our own online micro finance license that we acquired in March 2019 where we retained full liability. In some circumstances we provided credit enhancement through our subsidiaries or consolidated variable interest entities for personal and business installment loans. In both of these latter cases, we did bear credit risk.

We are in the process of negotiating with some of our financial partners and certain independent guarantee companies on additional credit risk arrangements that we could offer to financial partners without taking on the credit risk, and we intend to enter into agreements to allow independent guarantee companies to provide credit enhancement services to the end users of our financial partners as soon as practicable.

Point-of-sale installment loans. We facilitate the purchase of online products and services by providing point-of-sale lending solutions to our business partners. They integrate our lending solutions in the payment stage of a transaction, offering users installment payment options when they satisfy our pre-screening procedures and the criteria mutually agreed between us and our business partners. To meet the requirements of our business partners for quick settlement of purchases on their platforms, in some cases we finance the purchase by the end users initially ourselves, in which case the corresponding financing receivables are recorded on our balance sheet.

In 2016, we funded the financing receivables that we generated from the provision of point-of-sale lending solutions entirely through funds received from individual investors via Jimu Box. In 2017, we began to securitize a significant proportion of our financing receivables through public or private asset-backed securities. In 2018, we stopped funding financing receivables from our provision of point-of-sale lending solutions using funds received from individual investors through Jimu Box. Instead, we significantly expanded our use of trusts and other structured finance as compared to 2017. We also entered into an unsecured general loan with an individual in early 2018. Later in 2018, we entered into two loan agreements with a shareholder allowing us to make early repayment on that loan due to an individual. See "Item 7. Major Shareholders and Related Party Transactions—Shareholder Loans." In 2019, point-of-sale lending solutions were mainly funded through direct institutional funding arrangements, which resulted in the decrease in financing receivables.

We bear credit risk for most of the point-of-sale installment loans that we facilitate. Beginning in 2018, we have begun to negotiate settlement arrangements between our business partners and financial partners that do not result in the recognition of financial receivables on our balance sheet. Therefore, we do not bear credit risk on some of the point-of-sale installment loans that we have facilitated since 2018.

Balance sheet. The financing receivables on our balance sheet are generated primarily from our use of trust arrangements and other structured finance products. As of December 31, 2019, we had short-term financing receivables, net, of RMB430.4 million (US$61.8 million) and long-term financing receivables, net, of RMB19.1 million (US$2.7 million).

Funding debts represent the proceeds from individual investors through Jimu Box and other financial partners, the asset-backed securitized debts, the consolidated trusts or the unsecured general loan from an individual lender and a shareholder that we use to fund our financing receivables. We had short-term funding debts of RMB300.2 million (US$43.1 million), and long-term funding debts of RMB21.5 million (US$3.1 million), as of December 31, 2019.

We maintain a provision for credit losses based on delinquency levels and historical charge offs of the underlying on- and off-balance sheet loans, where applicable, using an established systematic process on a pooled basis within each credit risk level of the borrowers. For each credit risk level, we estimate the expected loss rate based on the delinquency status of the financial assets to be within that level: current, 1 to 30 days past due, 31 to 60 days past due, 60 to 90 days past due, or 91 days or greater past due. These loss rates in each delinquency status are based on average historical loss rates of financial assets subject to credit losses associated with each of the abovementioned delinquency categories. The expected loss rate of the specific delinquency status category within each risk level will be applied to the outstanding balances of the applicable financial assets within that level to determine the provision for credit losses for each reporting period. We had a provision for credit losses related to financing receivables of RMB33.9 million (US$4.9 million) for the year ended December 31, 2019.

For those off-balance sheet loans where we provide a financial guarantee to the financial partner who funds the loans, we account for the financial guarantee at fair value on the balance sheet as a financial guarantee liability. As of December 31, 2019, the maximum potential future payment that we could be required to make would be RMB983.2 million (US$141.2 million). We expect our financial guarantee liabilities to increase in 2020 as we continue to provide financial guarantees for loans that are funded through financial partners.

The following table presents information about our sources of funds for the year ended December 31, 2019.

	For the Year Ended December 31, 2019	
	RMB	US$
	(in thousands)	
Point-of-sale installment loans	850,038	122,101
Online consumer finance platform	24,723	3,551
Trusts and other structured finance*	66,086	9,493
Non-structured direct funding	676,282	97,142
Unsecured general loan and others*(1)	82,947	11,915
Personal installment loans	2,199,258	315,904
Online consumer finance platform	666,541	95,743
Trusts and other structured finance*	293,894	42,215
Non-structured direct funding	1,235,809	177,513
Unsecured general loan and others*(1)	3,014	433
Business installment loans	252,600	36,283
Online consumer finance platform	110,412	15,860
Non-structured direct funding	129,639	18,621
Unsecured general loan and others*(1)	12,549	1,802
Total	3,301,896	474,288

(1) Others include receivables held by Ganzhou Aixin Micro Finance and Minheng before those receivables are funded by our financial partners and those receivables that have been delinquent within 90 days and repurchased by us but not yet written off.

* On balance sheet sources

Key Operating and Financial Metrics

We regularly review a number of metrics to evaluate our business, measure our performance, identify trends, formulate financial projections and make strategic decisions. The main metrics we consider are set forth in the two tables below.

	As of and for the Year Ended December 31,			
	2017 Restated	2018 Restated	2019	
	RMB	RMB	RMB	US$
	(in thousands)			
Total revenues	763,014	1,603,631	1,285,236	184,612
Total amount of loans facilitated during the period	15,399,797	14,733,658	11,013,920	1,582,051
Point-of-sale installment loans	6,789,716	4,540,806	2,448,372	351,687
Personal installment loans	8,040,437	8,971,533	7,783,997	1,118,101
Business installment loans	569,644	1,221,319	781,551	112,263
Outstanding balance	5,887,707	5,803,034	3,301,896	474,288
Point-of-sale installment loans	1,414,347	1,423,618	850,038	122,101
On-balance sheet	1,304,112	492,603	149,033	21,408
Off-balance sheet	100,235	931,015	701,005	100,693
Personal installment loans	4,144,272	3,811,137	2,199,258	315,904
On-balance sheet	421,177	208,342	296,909	42,648
Off-balance sheet	3,723,095	3,602,795	1,902,349	273,256
Business installment loans	329,088	568,279	252,600	36,283
On-balance sheet	—	29,621	12,549	1,802
Off-balance sheet	329,088	538,658	240,051	34,481
Net (loss)/income	(84,860)	2,171	(906,490)	(130,211)
Adjusted net (loss)/income(1)	(53,842)	133,431	(888,643)	(127,648)
Adjusted operating expenses(1)	(218,898)	(376,379)	(1,226,136)	(176,124)

(1) Adjusted net (loss)/income and adjusted operating expenses are non-GAAP financial measures. For more information regarding our use of these measures and a reconciliation of these measures to the most comparable GAAP measures, see "Non-GAAP Financial Measures."

	As of and for the Year Ended December 31,		
	2017	2018	2019
	(in thousands)		
Cumulative registered users as of the end of the period	17,580	31,404	39,086
Unique borrowers for the period(1)	2,778	2,542	1,673
Unique borrowers of point-of-sale installment loans	2,229	2,393	1,227
Unique borrowers of personal and business installment loans	775	669	471
Number of loans facilitated during the period	13,693	8,051	4,549
Number of point-of-sale installment loans facilitated	11,782	6,910	3,469
Number of personal and business installment loans facilitated	1,911	1,141	1,080

(1) The number of unique borrowers for the period is less than the sum of the following two lines because a person who borrows both point-of-sale installment loans and personal installment loans during the same period only counts as one unique borrower for the period.

Non-GAAP Financial Measures

We use adjusted operating expenses and adjusted net loss/income, which are non-GAAP financial measures, in evaluating our operating results and for financial and operational decision-making purposes. We believe that these non-GAAP financial measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in total operating expenses, loss from operations and net loss. We believe that these non-GAAP financial measures also provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. They should not be considered in isolation or construed as alternatives to total operating expenses, net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review these historical non-GAAP financial measures in light of the most directly comparable GAAP measures, as shown below. The non-GAAP financial measures presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Adjusted operating expenses represents total operating expenses before share-based compensation expense. Adjusted net loss represents net loss before share-based compensation expenses.

The table below sets forth a reconciliation of these non-GAAP financial measures for the periods indicated:

	For the Year Ended December 31,			
	2017	2018	2019	
	Restated	Restated		
	RMB	RMB	RMB	US$
	(in thousands)			
Total operating expenses	**(249,916)**	**(507,639)**	**(1,243,983)**	**(178,687)**
Add: share-based compensation expenses	31,018	131,260	17,847	2,563
Adjusted operating expenses	**(218,898)**	**(376,379)**	**(1,226,136)**	**(176,124)**
Net (loss)/income	**(84,860)**	**2,171**	**(906,490)**	**(130,211)**
Add: share-based compensation expenses	31,018	131,260	17,847	2,563
Adjusted net (loss)/income	**(53,842)**	**133,431**	**(888,643)**	**(127,648)**

Key Components of Results of Operations

Revenues

Our revenues are derived from technical service fees, installment service fees and wealth management service fees and others. The following table sets forth the breakdown of our total revenues, both in absolute amount and as a percentage of our total revenues, for the years indicated:

	For the Year Ended December 31,						
	2017		2018		2019		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Revenues:							
Technical service fees	619,605	81.2	1,297,758	80.9	1,077,760	154,810	83.8
Installment service fees	139,862	18.3	291,077	18.2	187,359	26,912	14.6
Wealth management service fees and others	3,547	0.5	14,796	0.9	20,117	2,890	1.6
Total revenues	**763,014**	**100.0**	**1,603,631**	**100.0**	**1,285,236**	**184,612**	**100.0**

We generate technical service fee revenue by providing online credit assessment and referral services, post-lending management services and financial guarantee services. We also receive fees contingent on future events, such as penalty fees for early repayments as well as fees for collection services for late payments. Prior to 2018, we bore minimal credit risk for providing technical services. Independent financial solution providers that bear minimal credit risks, such as ourselves, have generally experienced unfavorable market conditions in China. In 2018, we began to share the credit risks for off-balance sheet loans with select financial partners due to market challenges. Revenues from our risk-sharing model accounted for approximately 2% and 38% of our technical service fees for the years ended December 31, 2018 and 2019, respectively.

We generate installment service fee revenue through the point-of-sale installment loan services and personal and business installment loan services that we provide on our business partners' platforms. For the point-of-sale installment loan services, we pay the full amount of the order that a qualified customer makes on the partner's platform and collect the original order amount plus the installment service fee in installments from the customer. Installment service fee revenue is recognized ratably by applying the effective interest rate. Installment service fee revenue is not recorded when reasonable doubt exists as to the full or timely collection of installment service fee or principal. We also receive fees contingent on future events, such as penalty fees for late payments. These contingent fees are recognized when the event occurs and the payment is made by the customer as that is when collectability is reasonably assured.

Wealth management service fees primarily consist of commission fees charged to third-party asset management companies and insurance companies for their use of our online wealth management platform and online insurance platform. We earn commissions which are generally determined as a percentage based on the fees charged to customers by the asset management companies and insurance companies, through our online wealth management platform and online insurance platform. Transaction service commissions are recognized on a net basis when the services are rendered, which occurs when the underlying transaction is executed.

Cost of Revenues

The following table sets forth our cost of revenues, both in absolute amount and as a percentage of total revenues, for the years indicated:

	For the Year Ended December 31,						
	2017 Restated		2018 Restated		2019		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Cost of revenues:							
Funding cost	(78,831)	(10.3)	(161,384)	(10.1)	(51,759)	(7,435)	(4.0)
Provision for credit losses	(115,920)	(15.2)	(70,411)	(4.4)	(33,942)	(4,875)	(2.6)
Origination and servicing cost	(177,662)	(23.3)	(323,342)	(20.2)	(290,398)	(41,712)	(22.6)
Cost on guarantee	—	—	—	—	(193,426)	(27,784)	(15.0)
Service cost charged by Jimu Group	(194,294)	(25.5)	(529,593)	(33.0)	(200,163)	(28,752)	(15.6)
Cost of revenues	**(566,707)**	**(74.3)**	**(1,084,730)**	**(67.7)**	**(769,688)**	**(110,558)**	**(59.8)**

Cost of revenues mainly consists of interest we pay on funding debts, provisions that we make for credit losses, costs that are paid to our data partners for data used in credit assessments, user acquisition costs relating to revenue from lending solutions, reimbursement for defaulted loans to financial partners related to the portion of the loans for which we shared credit risks, and other costs such as salaries and benefits of employees engaged in operating key systems and providing collection services, bandwidth costs, server custody costs, customer service support costs, fees paid to third-party payment channels, and service costs charged by Jimu Group.

Gross Profit

The following table sets forth our gross loss and profit, both in absolute amount and as a percentage of our total revenues, for the years indicated.

	For the Year Ended December 31						
	2017 Restated		2018 Restated		2019		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Total revenues	763,014	100.0	1,603,631	100.0	1,285,236	184,612	100.0
Cost of revenues	(566,707)	(74.3)	(1,084,730)	(67.7)	(769,688)	(110,558)	(59.8)
Gross profit	196,307	25.7	518,901	32.3	515,548	74,054	40.2

We have different types of solutions that have different profit margins. In particular, our point-of-sale installment loan solutions are relatively low-margin, and our personal and business installment loan solutions are relatively high-margin. The weighted average APR of our point-of-sale installment loan solutions and personal installment loan solutions were 10.5% and 24.6%, respectively, with regards to loans we facilitated in 2017, 12.4% and 26.3%, respectively, with regards to loans we facilitated in 2018, and 12.0% and 22.2%, respectively, with regards to loans we facilitated in 2019. We do not manage our business with the intent of maximizing each of these margins separately, since different solutions serve different purposes within our overall business strategy. We tolerate a relatively low margin on our point-of-sale installment loan solutions because they are especially useful in acquiring new business partners: they have a particularly obvious value proposition, in that they help our business partners increase their own sales. High-quality business partners bring high-quality end users, which in turn makes our lending solutions more valuable to our financial partners.

That being said, we do aim for a positive gross margin on each of our solutions. On a partner-by-partner basis, our gross margin tends to rise as our relationship with a business partner develops. This is both because the proportion of higher-margin personal and business installment loan solutions grows as our relationship with a partner matures and because a partner who comes to recognize the mutually beneficial nature of our relationship is more likely to negotiate mutually beneficial terms. More favorable terms with our business partners and end users has been one of the significant reasons for the improvement in our gross margin since 2016.

Operating Expenses

The following table sets forth our operating expenses, both in absolute amount and as a percentage of total revenues, for the years indicated:

	For the Year Ended December 31,						
	2017 Restated		2018 Restated		2019		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Operating expenses:							
Sales and marketing expenses	(72,076)	(9.4)	(99,671)	(6.2)	(69,593)	(9,996)	(5.4)
General and administrative expenses	(106,323)	(13.9)	(312,979)	(19.5)	(1,095,311)	(157,332)	(85.2)
Research and development expenses	(71,517)	(9.4)	(94,989)	(5.9)	(79,079)	(11,359)	(6.2)
Total operating expenses	**(249,916)**	**(32.7)**	**(507,639)**	**(31.6)**	**(1,243,983)**	**(178,687)**	**(96.8)**

Sales and marketing expenses

Our sales and marketing expenses consist primarily of salaries and benefits (including share-based compensation) for employees involved in sales and marketing functions and advertising and marketing promotion fees. Advertising and marketing promotion fees represent amounts we pay for brand awareness. We expense all sales and marketing costs as incurred. Our sales and marketing expenses decreased as a percentage of our total revenues in 2018 and 2019 as we adjusted our marketing strategy away from offline marketing activities in 2018 and reduced the size of our sales team in 2019.

General and administrative expenses

Our general and administrative expenses consist primarily of salaries and benefits (including share-based compensation) and related expenses for employees involved in general corporate functions, including finance, legal and human resources. We also incurred bad debt expenses in 2017, 2018 and 2019 in connection with provision for credit losses on receivable for technical service fees, which are classified under general and administrative expenses. Other general and administrative expenses include rental expenses and professional fees. Our general and administrative expenses increased in 2018 as bad debt expenses grew with the increase in our technical service fees and share-based compensation increased in connection with our initial public offering. In 2019, our general and administrative expenses increased due to the continued increase in professional services fee and bad debt expenses, offset by a decrease in share-based compensation. Besides provision for credit losses on receivable for technical service fees receivable, the significant increase of bad debt expense in 2019 was due to the provision for credit loss on amounts due from Jimu Group.

Research and development expenses

Our research and development expenses consist primarily of salaries and benefits (including share-based compensation) for employees involved in research and development functions. We expense all research and development costs as incurred. Our research and development expenses decreased as a percentage of our total revenues in 2018 and remained steady in 2019.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the period indicated, both in absolute amounts and as percentages of our total revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,						
	2017 Restated		2018 Restated		2019		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Summary Consolidated Statements of Comprehensive (Loss)/Income Data:							
Revenues:							
Technical service fees	619,605	81.2	1,297,758	80.9	1,077,760	154,810	83.8
Installment service fees	139,862	18.3	291,077	18.2	187,359	26,912	14.6
Wealth management service fees and others	3,547	0.5	14,796	0.9	20,117	2,890	1.6
Total revenues	**763,014**	**100.0**	**1,603,631**	**100.0**	**1,285,236**	**184,612**	**100.0**
Cost of revenues:							
Funding cost	(78,831)	(10.3)	(161,384)	(10.1)	(51,759)	(7,435)	(4.0)
Provision for credit losses	(115,920)	(15.2)	(70,411)	(4.4)	(33,942)	(4,875)	(2.6)
Origination and servicing cost	(177,662)	(23.3)	(323,342)	(20.2)	(290,398)	(41,712)	(22.6)
Cost on guarantee	—	—	—	—	(193,426)	(27,784)	(15.0)
Service cost charged by Jimu Group	(194,294)	(25.5)	(529,593)	(33.0)	(200,163)	(28,752)	(15.6)
Cost of revenues	**(566,707)**	**(74.3)**	**(1,084,730)**	**(67.7)**	**(769,688)**	**(110,558)**	**(59.8)**
Gross profit	**196,307**	**25.7**	**518,901**	**32.3**	**515,548**	**74,054**	**40.2**
Operating expenses:							
Sales and marketing expenses	(72,076)	(9.4)	(99,671)	(6.2)	(69,593)	(9,996)	(5.4)
General and administrative expenses	(106,323)	(13.9)	(312,979)	(19.5)	(1,095,311)	(157,332)	(85.2)
Research and development expenses	(71,517)	(9.4)	(94,989)	(5.9)	(79,079)	(11,359)	(6.2)
Total operating expenses	**(249,916)**	**(32.7)**	**(507,639)**	**(31.6)**	**(1,243,983)**	**(178,687)**	**(96.8)**
Operating (loss)/income	**(53,609)**	**(7.0)**	**11,262**	**0.7**	**(728,435)**	**(104,633)**	**(56.6)**
Change in fair value of convertible loans	(7,042)	(0.9)	(9,552)	(0.6)	—	—	—
Share of loss from equity method investments	(2,455)	(0.3)	(2,652)	(0.2)	(8,149)	(1,171)	(0.6)
Impairment on prepayment for long-term investment	—	—	—	—	(200,000)	(28,728)	(15.6)
Impairment from long-term investments	(2,000)	(0.3)	—	—	—	—	—
Other (expense)/income, net	(1,238)	(0.2)	8,822	0.6	(11,094)	(1,595)	(0.9)
Interest income from related parties	—	—	—	—	43,156	6,199	3.4
(Loss)/income before income tax expense	**(66,344)**	**(8.7)**	**7,880**	**0.5**	**(904,522)**	**(129,928)**	**(70.3)**
Income tax expense	(18,516)	(2.4)	(5,709)	(0.4)	(1,968)	(283)	(0.2)
Net (loss)/income	**(84,860)**	**(11.1)**	**2,171**	**0.1**	**(906,490)**	**(130,211)**	**(70.5)**
Other comprehensive income	841	**0.1**	30,173	**1.9**	11,876	1,706	**0.9**
Total comprehensive (loss)/income	**(84,019)**	**(11.0)**	**32,344**	**2.0**	**(894,614)**	**(128,505)**	**(69.6)**

Year ended December 31, 2019 compared with year ended December 31, 2018

Revenues

Our total revenue decreased by 19.9% from RMB1,603.6 million in the year ended December 31, 2018 to RMB1,285.2 million (US$184.6 million) in the year ended December 31, 2019. This decrease was driven primarily by the decrease in total loan volume from RMB14.7 billion in 2018 to RMB11.0 billion (US$1.6 billion) in 2019.

Technical service fees. Technical service fees decreased by 17.0% from RMB1,297.8 million in the year ended December 31, 2018 to RMB1,077.8 million (US$154.8 million) in the year ended December 31, 2019, primarily due to the decrease in the off-balance sheet loan transactions from RMB12.1 billion in the year ended December 31, 2018 to RMB8.9 billion (US$1.3 billion) in the year ended December 31, 2019. Our adoption of ASC 606 on January 1, 2019 using modified retrospective method and the impact of the recognition of the upfront assessment fee under ASC 606 offset the decrease impact from the decrease in the off-balance sheet loan. The adoption of ASC 606 has had the impact of increasing revenue in 2019 by RMB53.1 million. See Note 2(s) to our consolidated financial statements included elsewhere in this annual report for details on the adoption of ASC 606.

Installment service fees. Installment service fees decreased by 35.6% from RMB291.1 million in the year ended December 31, 2018 to RMB187.4 million (US$26.9 million) in the year ended December 31, 2019. The decrease in revenues from installment service fees in 2019 was due to the decrease in on-balance sheet installment loans volume, which is in line with our strategy to increase the proportion of technical service and reduce the provision of loans by ourselves.

Wealth management service fees and others. Wealth management service fees and others increased by 36.0% from RMB14.8 million in the year ended December 31, 2018 to RMB20.1 million (US$2.9 million) in the year ended December 31, 2019. The increase was primarily attributable to the development of our insurance management service.

Cost of revenues

Cost of revenues decreased by 29.0% from RMB1,084.7 million in the year ended December 31, 2018 to RMB769.7 million (US$110.6 million) in the year ended December 31, 2019.

Funding cost. Funding cost, consisting primarily of interest expenses, decreased by 67.9% from RMB161.4 million in the year ended December 31, 2018 to RMB51.8 million (US$7.4 million) in the year ended December 31, 2019. This decrease reflected the lower volume of our on-balance sheet loans.

Provision for credit losses. Provision for credit losses decreased by 51.8% from RMB70.4 million in the year ended December 31, 2018 to RMB33.9 million (US$4.9 million) in the year ended December 31, 2019. The decrease in provision for credit losses was primarily attributable to the significant decline in the outstanding balance of financing receivables related to the on-balance sheet loans.

Origination and servicing cost. Origination and servicing cost decreased by 10.2% from RMB323.3 million in the year ended December 31, 2018 to RMB290.4 million (US$41.7 million) in the year ended December 31, 2019, primarily due to reduced user acquisition costs as a result of decrease in loan volume facilitated.

Cost on guarantee. Cost on guarantee increased from nil in the year ended December 31, 2018 to RMB193.4 million (US$27.8 million) in the year ended December 31, 2019, as we shared the credit risks for off-balance-sheet loans with more selected financial partners.

Service cost charged by Jimu Group. Service cost charged by Jimu Group decreased by 62.2% from RMB529.6 million in the year ended December 31, 2018 to RMB200.2 million (US$28.8 million) in the year ended December 31, 2019, primarily because our cooperation model with Jimu changed from a model where Jimu provided credit enhancement for the borrowers to a model where we provided credit enhancement to the borrowers on our own from April 2019.

Gross profit

Our gross profit decreased by 0.7% from RMB518.9 million in the year ended December 31, 2018 to RMB515.5 million (US$74.1 million) in the year ended December 31, 2019. We had a gross margin of 32.3% in the year ended December 31, 2018 and 40.2% in the year ended December 31, 2019. Our gross margin increased as the decline in our cost of revenues exceeded the decline in our total revenue on a percentage basis.

Total operating expenses

Total operating expenses increased by 145.1% from RMB507.6 million in the year ended December 31, 2018 to RMB1,244.0 million (US$178.7 million) in the year ended December 31, 2019, mainly due to increase in general and administrative expense.

Sales and marketing expenses. Sales and marketing expenses decreased by 30.2% from RMB99.7 million in the year ended December 31, 2018 to RMB69.6 million (US$10.0 million) in the year ended December 31, 2019. This decrease was the result of our ongoing effort to refine our product matrix and wind down our offline personal installment loan business, the latter of which has been ongoing since the end of 2018. As part of this effort, we dissolved our offline direct marketing divisions during the year of 2019 to both improve our marketing efficiency and reduce our offline marketing and promotion expenses.

General and administrative expenses. General and administrative expenses increased by 250.0% from RMB313.0 million in the year ended December 31, 2018 to RMB1,095.3 million (US$157.3 million) in the year ended December 31, 2019, primarily due to increases of RMB819.3 million (US$117.7 million) in bad debt expenses and an increase of RMB43.1 million (US$6.2 million) in professional fees, partially offset by decrease of RMB89.2 million (US$12.8 million) in share-based compensation expenses.

Research and development expenses. Research and development expenses decreased by 16.7% from RMB95.0 million in the year ended December 31, 2018 to RMB79.1 million (US$11.4 million) in the year ended in December 31, 2019, primarily due to a decrease of RMB15.4 million (US$2.2 million) in share-based compensation expenses.

Net Loss

We had net loss of RMB906.5 million (US$130.2 million) in the year ended December 31, 2019 as a result of the above, as compared to a net income of RMB2.2 million in the year ended December 31, 2018.

Year ended December 31, 2018 compared with year ended December 31, 2017

Revenues

Our total revenue increased by 110.2% from RMB763.0 million in the year ended December 31, 2017 to RMB1,603.7 million in the year ended December 31, 2018. This increase was driven primarily by the significant increases in our technical service fees and installment services fees.

Technical service fees. Technical service fees increased by 109.4% from RMB619.6 million in the year ended December 31, 2017 to RMB1,297.8 million in the year ended December 31, 2018, primarily due to the significant increases in monthly service fees. The increases in these fees are mainly attributable to the increase in average loan balance of off-book loans.

Installment service fees. Installment service fees increased by 108.1% from RMB139.9 million in the year ended December 31, 2017 to RMB291.1 million in the year ended December 31, 2018, due to the improved fee arrangements, as well as a transition to developing installment loans with higher margins and longer durations. The growth of revenues from installment service fees in the full year of 2018 was partially offset by its decline in the fourth quarter of 2018 when our on-balance sheet outstanding balance of point-of-sale installment loans dropped significantly as a result of our efforts to engage financial partners who provided funds directly to end users.

Wealth management service fees and others. Wealth management service fees and others increased by 317.1% from RMB3.5 million in the year ended December 31, 2017 to RMB14.8 million in the year ended December 31, 2018. The increase was primarily attributable to the development and expansion of our wealth management services and insurance management service.

Cost of revenues

Cost of revenues increased by 91.4% from RMB566.7 million in the year ended December 31, 2017 to RMB1,084.7 million in the year ended December 31, 2018.

Funding cost. Funding cost, consisting primarily of interest expenses, increased by 104.7% from RMB78.8 million in the year ended December 31, 2017 to RMB161.4 million in the year ended December 31, 2018. This increase reflected the growth in the average interest rate, as most of our financing derived from individual investors through Jimu Box in 2017 and this was changed to mainly finance through trust arrangements and other structured finance products in 2018.

Provision for credit losses. Provision for credit losses decreased by 39.3% from RMB115.9 million in the year ended December 31, 2017 to RMB70.4 million in the year ended December 31, 2018. The decrease in provision for credit losses was primarily attributable to the significant decline in the outstanding balance of financing receivables.

Origination and servicing cost. Origination and servicing cost increased by 82.0% from RMB177.7 million in the year ended December 31, 2017 to RMB323.3 million in the year ended December 31, 2018, primarily due to increases in user acquisition costs, cost paid to collection service providers, and costs paid for data used in credit assessments. These increases were driven primarily by the growth of our business.

Service cost charged by Jimu Group. Service cost charged by Jimu Group increased by 172.6% from RMB194.3 million in the year ended December 31, 2017 to RMB529.6 million in the year ended December 31, 2018, primarily due to the increased loan volume facilitated in 2018.

Gross profit

Our gross profit increased by 164.3% from RMB196.3 million in the year ended December 31, 2017 to RMB518.9 million in the year ended December 31, 2018. We had a gross margin of 25.7% in the year ended December 31, 2017 and 32.3% in the year ended December 31, 2018. The improvement in gross margin was primarily due to improvements in our products' economies of scale and shifts in our product mix, as we facilitated a larger proportion of higher-margin personal and business installment loan solutions as compared to lower-margin point-of-sale installment loan solutions.

Total operating expenses

Total operating expenses increased by 103.1% from RMB249.9 million in the year ended December 31, 2017 to RMB507.6 million in the year ended December 31, 2018 due to increases in all three categories of expenses.

Sales and marketing expenses. Sales and marketing expenses increased by 38.3% from RMB72.1 million in the year ended December 31, 2017 to RMB99.7 million in the year ended December 31, 2018. This increase was primarily due to an increase of RMB14.1 million in promotional fees, an increase of RMB7.8 million in share-based compensation expenses, and an increase of RMB6.1 million in payroll expenses relating to sales and marketing. We increased our spending on promotional fees in response to heightened competition in our industry as we continue to seek new marketing opportunities.

General and administrative expenses. General and administrative expenses increased by 194.4% from RMB106.3 million in the year ended December 31, 2017 to RMB313.0 million in the year ended December 31, 2018, primarily due to increases of RMB76.7 million in share-based compensation expenses, RMB89.6 million in bad debt expenses, RMB15.9 million in payroll expenses relating to general and administrative expenses and RMB11.3 million in professional fees. Bad debt expenses increased significantly, due in part to the increase of revenue generated from technical service fees and due in part to an industry-wide increase in default rates that also affected our company. The significant increase in share-based compensation expenses was primarily due to service conditions having been met and the IPO performance target having been achieved in 2018.

Research and development expenses. Research and development expenses increased by 32.8% from RMB71.5 million in the year ended December 31, 2017 to RMB95.0 million in the year ended in December 31, 2018, primarily due to increases of RMB15.4 million in share-based compensation expenses and RMB6.0 million in payroll expense relating to research and development.

Net (loss)/income

We had net income of RMB2.2 million in the year ended December 31, 2018 as a result of the above, as compared to a net loss of RMB84.9 million in the year ended December 31, 2017.

Taxation

Cayman Islands

We are not subject to income or capital gains tax under the current laws of the Cayman Islands. There are no other taxes likely to be material to us levied by the government of the Cayman Islands.

British Virgin Islands

Our subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains tax under the current laws of the British Virgin Islands. The British Virgin Islands do not impose a withholding tax on dividends.

Hong Kong

In accordance with the relevant tax laws and regulations of Hong Kong, a company registered in Hong Kong is subject to income taxes within Hong Kong at the applicable tax rate on taxable income. In March 2018, the Hong Kong government introduced a two-tiered profit tax rate regime by enacting the Inland Revenue (Amendment) (No.3) Ordinance 2018, the Ordinance. Under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018-2019. According to the policy, if no election has been made, the whole of the taxpaying entity's assessable profits will be chargeable to profits tax at the rate of 16.5% or 15%, as applicable. Because we did not elect the preferential tax treatment, all of our subsidiaries registered in Hong Kong are subject to income tax at a rate of 16.5%. Our Hong Kong subsidiaries did not have assessable profits that were derived from Hong Kong during the years ended December 31, 2017, 2018, and 2019. Payments of dividends by our Hong Kong subsidiaries to us are therefore not subject to withholding tax in Hong Kong.

China

Our PRC subsidiaries and our variable interest entities, 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%. In addition, our variable interest entities and PRC subsidiaries are subject to value added taxes, or VAT, on the services they provide at the rate of 13%, 6% or 3%, depending on whether the entity is a general taxpayer or small-scale taxpayer, plus related surcharges, less any deductible VAT they have already paid or borne.

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

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

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 2017, 2018 and 2019 were increases of 1.8%, 1.9% and 4.5%, respectively. Although we have not been materially affected by inflation in the past, we may be affected by higher rates of inflation in China in the future.

Critical Accounting Policies, Judgments and Estimates

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

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

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

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP. These accounting principles require us to make certain estimates and assumptions that affect the amounts in the accompanying financial statements. Actual results may differ from those estimates.

The consolidated financial statements include the financial statements of Pintec Technology Holdings Limited and its wholly-owned subsidiaries and consolidated variable interest entities. A variable interest entity is an entity in which Pintec Technology Holdings Limited, or its subsidiaries, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore Pintec Technology Holdings Limited or its subsidiaries are the primary beneficiary of the entity. All transactions and balances among Pintec Technology Holdings Limited, its subsidiaries, the variable interest entities and the variable interest entities' subsidiaries have been eliminated upon consolidation.

Our ability to fund our operations is based on our ability to generate cash, our ability to attract investors and our ability to borrow funds on reasonable economic terms. Prior to our pre-IPO reorganization, our business relied principally on Jimu Group's financing from investors to fund its operations and business development. After our pre-IPO reorganization, our ability to continue as a going concern is dependent on our management's ability to successfully execute our business plan, which includes increasing revenues while controlling operating expenses, as well as generating operational cash flows and continuing to obtain external financing from investors. We have been continuously receiving financing support from outside investors. Therefore, based on cash flow projections from operating and financing activities and the current balances of cash and cash equivalents, we are of the opinion that we will be able to meet our payment obligations for the next twelve months from the date of issuance of the consolidated financial statements. In addition, we can adjust the pace of our operation expansion and control the operating expenditures. Based on the above considerations, our consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The following financial statement amounts and balances of the variable interest entities and their subsidiaries taken as a whole were included in the accompanying consolidated financial statements:

	As of December 31,		
	2018	2019	
	Restated		
	RMB	RMB	US$
	(in thousands)		
Total assets	1,305,500	931,287	133,771
Total liabilities	1,240,292	1,135,535	163,109

	As of December 31,			
	2017	2018	2019	
	Restated	Restated		
	RMB	RMB	RMB	US$
	(in thousands)			
Total revenues	762,609	1,601,037	1,272,943	182,847
Net income/(loss)	58,745	322,605	(520,791)	(74,807)

	As of December 31,			
	2017	2018	2019	
	Restated	Restated		
	RMB	RMB	RMB	US$
	(in thousands)			
Net cash provided by operating activities	189,639	470,404	404,851	58,153
Net cash (used in)/provided by investing activities	(1,405,045)	859,941	(165,957)	(23,838)
Net cash provided by/(used in) financing activities	1,330,679	(961,263)	86,906	12,483

Reorganization

Our pre-IPO reorganization consisted of transfers among entities that have the same shareholders, in the same proportions and with the same rights and thus is accounted for in a manner similar to a control transaction because it is determined that the transfers lack economic substance from the shareholders' perspective.

As a result of our pre-IPO reorganization, our financing solutions business was transferred to Pintec Technology Holdings Limited and its wholly-owned subsidiaries and consolidated variable interest entities, and the accompanying consolidated financial statements have been prepared as if our current corporate structure has been in existence throughout the periods presented. Our consolidated financial statements include those assets and liabilities and the related results of operation and cash flows directly attributable to our financing solutions business only. However, this presentation may not necessarily reflect the results of operations, financial position and cash flows that would have occurred if our corporate group had actually existed on a stand-alone basis during the periods presented. Transactions between our corporate group and Jimu Group are herein referred to as related party transactions.

The accompanying consolidated financial statements include allocations of the cost of revenues, sales and marketing expenses, research and development expenses, and general and administrative expenses incurred by Jimu Group that were related to our financing solutions business. These allocated expenses are primarily related to office rental expenses, office utilities, information technology support and certain corporate functions, including senior management, finance, legal and human resources, as well as share-based compensation expenses. Generally, the cost of shared employees was allocated to us based on our headcount as a proportion of total headcount in Jimu Group, share-based compensation was allocated to us based on the compensation attributable to employees of our financing solutions business, the cost of shared technology services were allocated based on our usage of servers as a proportion of total servers of Jimu Group, and shared corporate marketing expenses and bandwidth and server hosting costs were allocated based on our revenues as a proportion of the total revenue of Jimu Group.

In preparation for our initial public offering, we entered into a non-competition agreement with Jimu Group under which we have agreed not to compete with each other's core business. See "Item 4. Information on the Company—C. Organizational Structure—Our Relationship with Jimu Group—Non-competition Agreement."

Revenue recognition

We are principally engaged in providing lending solutions through our online technology platform. We earn revenues by providing: (i) lending solution that assists borrowers to obtain loans from third party investors and certain financial partners. We facilitate the loan origination process (online credit assessment and referral service) and provide on-going loan servicing (post-lending management service) but do not provide loans ourselves. For these services, we earn technical service fees; (ii) lending solution for borrowers who want to finance their online purchases from third parties or who have personal or business installment loan requests. We provide financing for these borrowers and earn installment service fees (including interests); (iii) wealth management and insurance product distribution solutions for asset management and insurance companies, respectively, to facilitate the sale of their products. We earn wealth management services fee and others fee, and commission on financial products distributed through our platform that were sold by these asset management and insurance companies to their customers. We are not a party to the financial products sold.

Installment service fee

Installment service fee revenue is recognized over the terms of financing receivables using the effective interest rate method under ASC 310. Installment service fee revenue is not recorded when reasonable doubt exists as to the full, timely collection of installment service fee or principal. We also receive miscellaneous fees, such as penalty fees for late payments. The fees, which are contingent, are recognized when the event occurs and the payment is made by the customer as that is the point in time collectability is reasonably assured.

Adoption of ASC topic 605 ("ASC 605"), "Revenue Recognition in the Years Ended December 31, 2017 and 2018

Revenue is recognized when all of the following conditions are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) pricing is fixed or determinable; and (4) collectability is reasonably assured. These conditions as they relate to each of the following major revenue generating activities are described below. Revenue is presented net of business tax and value added taxes, or VAT, at rates ranging between 3% and 6%, and surcharges. VAT and business tax collected from customers, net of VAT paid for purchases, is recorded as a liability in the consolidated balance sheets until it is paid to the tax authorities.

Technical service fees

We have determined that the arrangement to provide technical services to borrowers or institutional financial partners contains the following multiple elements: online credit assessment and referral services, post-lending management services and financial guarantee services. In accordance with ASC 605-25-30-4, we first allocate the consideration to the guarantee equaling to the fair value of the guarantee, then the remaining consideration is allocated to online credit assessment and referral services and post-lending management services. We have determined that the borrowers or institutional financial partners are our customers. We allocate the technical service fees among the deliverables at the inception of the arrangement on the basis of their relative selling prices, which is determined based on management's best estimate as neither vendor-specific objective evidence nor third-party evidence of selling price is available according to the selling price hierarchy established by ASC 605-25-30.

We charge the technical service fees from the borrowers upon the successful matching of the loans financed by investors of Jimu Group or other financial partners. If the service fee is not collected entirely upfront, the selling price allocated by us to the delivered credit assessment and referral service is limited to that amount that is not contingent upon the delivery of additional units or meeting other specified performance conditions in accordance with ASC 605-25. The remaining credit assessment and referral service fees are recorded when the contingency is resolved and cash is received. The selling price allocated to post-lending management services, is recognized as revenue each month when the service is provided over the period of the loan as the monthly repayments occur.

We are the primary obligor for the lending solutions provided to the borrowers, mainly as we have the ability to establish the price, and control the related content of service provided. Technical service fee is recognized on a gross basis and the portion of service fee charged by and paid to Jimu Group based on relative fair values of services is recognized as cost of revenues in the consolidated statements of operations and comprehensive (loss)/income.

Early repayment fees charged by us are recognized when the early repayment occurs and the payments of the fees are made by the borrowers.

We also charge fees for collection services related to defaulted payments. These fees are recognized when the contingent events occur and the payments of the fee are made by the borrowers as collectability is reasonably assured.

Wealth management service fee and others

The wealth management service fee and others primarily consists of commission fees charged to third-party asset management companies and insurance companies for their use of our online wealth management platform and online insurance platform. Such commissions are generally determined as a percentage based on the fees charged to customers by the asset management companies and insurance companies, through the online wealth management platform and online insurance platform. Transaction service commissions are recognized on a net basis when the services are rendered, which occurs when the underlying transaction is executed. We are not the primary obligor as we do not have the ability to establish the price or control the related content of the wealth management or insurance products offered on the online wealth management platform and online insurance platform.

Adoption of ASU 2014-09, "Revenue from contracts with Customers (Topic 606)" in Year Ended December 31, 2019

We adopted ASC Topic 606 ("ASC 606"), Revenue from Contracts with Customers and all subsequent ASUs that modified Topic 606 on January 1, 2019, using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019. Accordingly, revenues from technical services fee and wealth management service fees and others for the year ended December 31, 2019 were presented under ASC 606.

Technical service fees

Under ASC 606, we consider the online credit assessment and referral service and post-lending management service, collectively, and guarantee service as two separate services, of which, the guarantee service is accounted for in accordance with ASC 460, Guarantees, at fair value. Revenue from the guarantee service is recognized when we are released from the underlying risk. (see Note 2(r) to our consolidated financial statements included elsewhere in this annual report).

We identify one performance obligation under ASC 606, as the online credit assessment and referral service and post-lending management service are not distinct.

We determine the transaction price of technical service to be the service fees chargeable from the borrowers or institutional financial partners, net of value-added tax and excluding the transaction price allocated to guarantee liabilities.

Revenues from technical services are recognized over time since the customers simultaneously receive and consume the benefits provided by our technical service as it is performed. For technical service fees charged from borrowers, we recognize revenue during the service period. For technical service fees charged from other financial partners, we apply the invoice practical expedient and recognize revenue in the amount to which we have a right to invoice.

Wealth management service fee and others

For wealth management service fee and others, the only performance obligation is to distribute the wealth management or insurance products on our platforms for the third-party asset management companies and insurance companies. We recognize commissions on a net basis as we are not the primary obligor, we do not have the ability to establish the price nor do we bear the credit risk. The revenue is recognized at a point in time when the performance obligation is satisfied, which occurs when the underlying transaction is executed.

Disclosure related to modified retrospective adoption of ASC 606

We recorded an increase in opening accumulated deficit of RMB54,127 as of January 1, 2019 due to the cumulative impact of adopting ASC 606.

The impacts of the adoption of ASC 606 in the year ended December 31, 2019 on our consolidated statement of operations and comprehensive (loss)/income are shown below:

Items	As Reported	Impacts of ASC606 Adoption	Amount without ASC 606 Adoption
	RMB	RMB	RMB
Total revenues	1,285,236	53,063	1,232,173
Income tax (expenses)/ benefit	(1,968)	(13,266)	11,298
Net loss	(907,004)	39,797	(946,801)

The impacts of the adoption of ASC 606 as of December 31, 2019, including the cumulative effects of the change, on our consolidated balance sheet are shown below.

Items	As Reported	Impacts of ASC606 Adoption	Balances without ASC 606 Adoption
	RMB	RMB	RMB
Assets:			
Deferred tax assets	64,675	4,775	59,900
Liabilities:			
Accrued expenses and other liabilities	157,945	19,105	138,840
Equity:			
Accumulated deficit	(1,861,153)	(14,330)	(1,846,823)

The adoption of ASC 606 had no transition impact on cash provided by or used in operating, financing or investing activities reported in our consolidated statement of cash flows.

Contract assets

We have no other contract assets except for accounts receivable in RMB74,251 as of December 31, 2019.

Contract liability

Contract liability consists of technical service fees received from borrowers before we have a right to invoice, and is recorded as “Deferred service fee” included in “Accrued expenses and other liabilities” on the consolidated balance sheets. For monthly consulting fee which is received monthly from customers and upfront fee which is received upon the successful matching of the loans, contract liability is recognized as revenue when service is provided. The amount of revenue recognized during the year ended December 31, 2019 that was previously included in the contract liabilities balance as of December 31, 2018 was RMB119,684.

Provision for credit losses

We assess the creditworthiness and collectability of the portfolios of respective financial assets, mainly based on delinquency levels and historical charge offs of respective underlying on- and off-balance sheet loans, where applicable, using an established systematic process on a pooled basis within each credit risk levels of the borrowers. Each portfolio of respective financial asset subject to credit losses within each credit risk level consists of individually small amount of on- and off-balance sheet loans. In the consideration of above factors, we determine that each portfolio of respective financial asset subject to credit losses within each credit risk level is homogenous with similar credit characteristics.

Our provision for credit losses of financial assets is calculated separately within each credit risk level of the borrowers. For each credit risk level, we estimate the expected loss rate based on delinquency status of the respective financial assets within that level: current, 1 to 30, 31 to 60, 60 to 90, 91 days or greater past due. These loss rates in each delinquency status are based on average historical loss rates of financial assets subject to credit losses associated with each of the abovementioned delinquency categories. The expected loss rate of the specific delinquency status category within each risk level will be applied to the applicable outstanding balances of respective financial assets within that level to determine the provision for credit losses for each reporting period. In addition, we consider other general economic conditions, if any, when determining the provision for credit losses.

Financial guarantee

(i) Financial guarantee liabilities

For the off-balance sheet loans funded by certain financial partners, we are obligated to compensate the financial partners for the principal and interest of the defaulted loans in the event of borrowers' default. In general, any unpaid principal and interest are paid by us when the borrower does not repay as scheduled.

We provide guarantee to individual investors for loans that we have referred and funded through Jimu Group. We are obligated to compensate certain institutional financial partners for defaults on principal and interest repayments. We recognize a stand ready obligation for our guarantee exposure in accordance with ASC 460.

At the inception of each loan subject to the guarantee provided, we recognize the guarantee liability at fair value in accordance with ASC 460-10, which incorporates the expectation of potential future payments under the guarantee and takes into both non-contingent and contingent aspects of the guarantee. The liability recorded based on ASC 460 is determined on a loan by loan basis. As the risk of the guarantee liability is reduced, it is recognized into the consolidated statements of operation and comprehensive (loss)/income by a systematic and rational amortization method over the term of the loan, within the "Technical service fees" line item.

For the years ended December 31, 2017, 2018 and 2019, revenues recognized related to releasing of guarantee liabilities were nil, RMB21,397 and RMB407,403, respectively.

The ASC 450 component is a contingent liability determined based on probable loss considering the actual historical performance and current conditions, representing the obligation to make future payouts under the guarantee liability in excess of the stand-ready liability. The ASC 450 contingent component is determined on a collective basis and loans with similar risk characteristics are pooled into cohorts for purposes of measuring incurred losses. At all times the recognized liability (including the stand ready liability and contingent liability) is at least equal to the probable estimated losses of the guarantee portfolio. The ASC 450 contingent component, including the net payouts by us when borrower defaults, is recognized as cost on guarantee, in the consolidated statement of operations and comprehensive (loss)/income.

As of December 31, 2018 and 2019, the maximum potential future payment we could be required to make would be RMB614,465 and RMB983,201, respectively.

(ii) Financial guarantee assets

Financial guarantee assets is recognized at loan inception which is equal to the stand-ready liability recorded at fair value in accordance with ASC 460 and considers what premium would be required by us to issue the same guarantee service in a standalone arm's-length transaction. Financial guarantee assets reduce upon the receipt of the service fee payment from the borrowers.

The allowance of financial guarantee assets is assessed collectively depending on factors such as delinquency rate, size, and other risk characteristics of the portfolio. The allowance of nil, nil and RMB12,527 were recorded in the consolidated statements of operations and comprehensive (loss)/income during the years ended December 31, 2017, 2018 and 2019, respectively.

Share-based compensation expenses

All share based awards granted to employees, including restricted ordinary shares and share options, are measured at fair value on grant date. Share based compensation expense is recognized using the straight line method or graded vesting method, net of estimated forfeitures, over the requisite service period, which is the vesting period.

Prior to the Reorganization, all the options and restricted ordinary shares were granted by Jimu Group with its own underlying shares. The Binomial option pricing model is used to estimate fair value of the share options and restricted ordinary shares. The determination of estimated fair value of share based payment awards on the grant date using an option pricing model is affected by the fair value of Jimu Group's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected value volatility of Jimu Group's shares over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk free interest rate and any expected dividends. Shares of Jimu Group, which do not have quoted market prices, were valued based on the income approach. Determination of estimated fair value of Jimu Group's shares requires complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information on companies in China similar to Jimu Group.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting option and records share based compensation expenses only for those awards that are expected to vest.

In connection with the Reorganization and as a result of the anti-dilution provision in the option plan and agreement regarding the options issued by Jimu Group, all the options to purchase the underlying Pintec ordinary shares were issued by us as of March 27, 2018. In accordance with ASC 718, exchanges of share options or other equity instruments or changes to their terms in conjunction with an equity restructuring (i.e. the Reorganization) are modifications of the share options and that the accounting for a modification in conjunction with an equity restructuring requires a comparison of the fair value of the modified awards with the fair value of the original award immediately before the modification in accordance with ASC 718. With respect to the Pintec options and Jimu Group options held by the employees of us, we determined to recognize share based compensation expense in its consolidated financial statements the remaining unrecognized compensation cost pertaining to the unvested options of Jimu Group which are retained by the employees of us, in addition to the cost pertaining to the unvested options issued by us to our employees in connection with the equity restructuring. Incremental fair value, if any, for unvested awards would be recognized prospectively in the consolidated financial statements of us.

After the completion of Reorganization, all the options and restricted ordinary shares were granted by us with our own underlying shares. For share options for the purchase of ordinary shares granted to employees determined to be equity classified awards, the related share-based compensation expenses are recognized in the consolidated financial statements based on their grant date fair values that are calculated using the binomial option pricing model. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends.

For share options granted with service condition and the occurrence of an IPO as performance condition, share-based compensation expenses are recorded net of estimated forfeitures using graded-vesting method during the requisite service period. Cumulative share-based compensation expenses for the options that have satisfied the service condition, amounting to RMB94.8 million, were recorded upon the completion of the IPO.

Deferred income tax

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of comprehensive income (loss) in the period of the enactment of the change.

We consider positive and negative evidence when determining whether a portion or all of our deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, our experience with tax attributes expiring unused, and our tax planning strategies. The ultimate realization of deferred tax assets is dependent upon our ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, we have considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trends of profits expected to be reflected within the industry. We record a valuation allowance to reduce the amount of deferred tax assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Valuation allowances

As of December 31, 2017, we provided a full valuation allowance of RMB34.2 million for the deferred tax assets related to our provision for doubtful accounts and credit losses. Given that we had limited successful experience in getting approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses, we believe it is more likely than not that these deferred tax assets will not be utilized in the future.

During the year ended December 31, 2018, Shanghai Anquying had achieved pre-tax profit for two consecutive years and was forecasted to be likely to continue achieving pre-tax profit in 2019. In addition, approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses was obtained during the year ended December 31, 2018. As a result, we considered that the deferred tax assets related to provision for doubtful accounts and credit losses from Shanghai Anquying are more likely than not to be utilized in the future, and therefore concluded that the previously recognized valuation allowance for these subsidiaries should be reversed in income statement as an income tax benefit (i.e. a credit of income tax expense).

As of December 31, 2019, we provided full valuation allowance of RMB229.2 million for the deferred tax assets derived from the provision for credit losses related to Jimu Group and the impairment loss on prepayment of long term investment, which we considered and assessed had a remote chance to be utilized in the future, either by subsequent collection or approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses and impairment loss.

As of December 31, 2018 and 2019, we had net operating loss carryforwards of approximately RMB110.1 million and RMB172.7 million, respectively, which arose from our other subsidiaries, VIEs and the VIEs' subsidiaries established in the PRC, except for Shanghai Anquying, Ganzhou Aixin Micro Finance and the subsidiaries in Australia, United Kingdom and Singapore. As of December 31, 2018 and 2019, deferred tax assets arose from the net operating loss carryforwards amounted to RMB19.5 million and RMB38.8 million, and we provided a valuation allowance when it became more likely than not that these net operating losses would not be utilized in the future. As of December 31, 2019, the net operating loss carryforwards of RMB8.2 million, RMB7.7 million, RMB33.9 million, RMB58.4 million and RMB64.4 million will expire, if unused, by 2020, 2021, 2022, 2023 and 2024, respectively.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 to our consolidated financial statements included elsewhere in this annual report.

B. Liquidity and Capital Resources

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

	As of December 31,			
	2017	2018	2019	
	Restated	Restated		
	RMB	RMB	RMB	US$
	(in thousands)			
Summary Consolidated Cash Flows Data:				
Net cash provided by operating activities	164,852	231,908	175,079	25,147
Net cash (used in)/provided by investing activities	(1,407,861)	280,595	(538,702)	(77,380)
Net cash provided by/(used in) financing activities	1,565,921	(200,085)	224,372	32,230
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(34)	21,732	10,114	1,453
Net increase/(decrease) in cash, cash equivalents and restricted cash	322,878	334,150	(129,137)	(18,550)
Cash, cash equivalents and restricted cash at beginning of the period	53,013	375,891	710,041	101,992
Including:				
Cash and cash equivalents at beginning of the period	53,013	370,891	457,442	65,708
Restricted cash at beginning of the period	—	5,000	252,599	36,284
Cash, cash equivalents and restricted cash at end of the period	375,891	710,041	580,904	83,442
Including:				
Cash and cash equivalents at end of the period	370,891	457,442	102,755	14,760
Restricted cash at end of the period	5,000	252,599	382,695	54,971
Non-current restricted time deposits	—	—	95,454	13,711

As of December 31, 2019, we had RMB102.8 million (US$14.8 million) in cash and cash equivalents, of which RMB88.5 million (US$12.7 million) was denominated in Renminbi and held at banks in China and US$2.1 million was denominated in U.S. dollars and held at banks located in or outside of China. As of the same date, RMB84.6 million (US$12.2 million) of our cash and cash equivalents was held by our VIEs. Our cash and cash equivalents consist of cash on hand, time deposits, and funds held in deposit accounts with banks that are highly liquid and have original maturities of three months or less and are unrestricted as to withdrawal or use.

Historically, we operated as a separate business within the Jimu Group, and our principal source of liquidity was capital contributions from Jimu Group. Since 2017, we have been carrying out our own debt and equity financing. In November 2017, we began issuing convertible loans convertible into shares of our company, and in May 2018, all of the outstanding convertible loans, which had a principal amount of US$39.5 million, were converted into series A-1 preferred shares. In May 2018, we issued series A-2 preferred shares to a group of investors for an aggregate consideration of US$64.0 million. In addition, we entered into a loan agreement with Ms. Xuan Zhang, an individual who is not affiliated with our company investing on behalf of her high net worth extended family, in January 2018, and a supplementary loan agreement in March 2018, pursuant to which we borrowed an unsecured general loan of RMB564 million (US$85.2 million) with an interest rate of approximately 10.3% and a term of one year. The loan is intended for repayment of loan payables to third party individual investors matched through Jimu Box. We have repaid the remaining outstanding balance prior to August 2018, using cash on hand and the proceeds from two loans from Xijin (Shanghai) Venture Capital Management Co., Ltd., which is the parent of one of our shareholders. In October 2018, we raised approximately US$40.7 million in net proceeds from our initial public offering, after deducting underwriting commissions and the offering expenses payable by us, including the net proceeds we received from the underwriters' partial exercise of their over-allotment option. In December 2018, Minheng agreed with Xijin (Shanghai) Venture Capital Management Co., Ltd. to extend the maturity dates for both of its loans to May 15, 2019. See "Item 7. Major Shareholders and Related Party Transactions—Shareholder Loans."

In August 2019, Shanghai Anquying Technology Co., Ltd., or Shanghai Anquying, entered into a loan agreement with Shanghai Mantu and other parties, pursuant to which Shanghai Mantu agreed to loan RMB100 million (US$14.4 million) to Shanghai Anquying for a term of one year at an annual interest rate of 8%. Ganzhou Aixin Micro Finance and Mr. Jun Dong, our director, agreed to guarantee Shanghai Anquying's obligations under the loan agreement. In addition, Shanghai Anquying agreed to pledge its shares in Ganzhou Aixin Micro Finance as security for Shanghai Anquying's obligations under the loan agreement. We also agreed to issue warrants to Mandra iBase Limited, exercisable within three years, to purchase up to 52,835,505 ordinary shares of the Company at an exercise price of US$0.5678 per Class A ordinary share, equal to a price per ADS of US$3.9746.

We previously entered into two loan agreements with Jimu Group on July 19, 2019, to formally document amounts due from Jimu Group that were attributable to cash advances we made to Jimu Group outside of the ordinary course of business in both U.S. dollars and Renminbi. As of December 31, 2019, we had RMB748.4 million (US$107.5 million) in current amounts due from Jimu Group and RMB117.6 million (US$16.9 million) in non-current amounts. The U.S. dollar-denominated loan matured on January 31, 2020 but Jimu Group failed to repay the amount due by the maturity date and the loan went into default. The Renminbi-denominated loan matures on January 31, 2022. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group—Cash Advances and Loan Agreements" for more details. In December 2019, we acquired a controlling stake in Shenzhen Xinyuhao Technology Co., Ltd., or Shenzhen Xinyuhao, for a consideration of RMB200,000 and subsequently injected capital of RMB199.9 million. In the same month, Shenzhen Xinyuhao purchased financing receivables from an unrelated third party for RMB200.0 million, which Jimu Group provided an unconditional commitment to repurchase within six months. The financing receivables were long overdue loans from Jimu Group's platform and recovery through collection is remote. In January 2020, Shenzhen Xinyuhao required Jimu Group to repurchase these financing receivables. However, Jimu Group failed to perform its commitment to repurchase the financing receivables. Since Jimu Group is insolvent and announced its exit from the online lending platform business in February 2020, we determined that these amounts are unrecoverable. Although the provision for credit losses relating to loans we provided to Jimu Group and the prepayment for long-term investment for the financing receivables did not impact our operating cash flow in 2019, we expect this to have a significant impact on our operating cash flow in the coming years. However, we believe the provision for credit losses relating to Jimu Group will not affect our long term sustainability as we continue to reduce our risks in our loan facilitation business.

The financing receivables that are recorded on our balance sheet in connection with most of our point-of-sale installment loans and some of our personal installment loans currently remain on our balance sheet until they are paid in full or written off. See "—Funding Sources and Credit Risk." Consequently, access to capital is a potential constraint on the growth of our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to obtain additional capital when desired, on favorable terms or at all." We also require capital to provide financial guarantees for most of the loans that we facilitate that are not recorded on our balance sheet. Independent financial solution providers that bear minimal credit risks, such as ourselves, have generally experienced unfavorable market conditions in China. In order to address these market challenges, we now have credit risk for a higher proportion of our funding than we did at the time of our initial public offering. We may require additional financing to continue to expand our operations.

We believe our cash on hand, will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. However, for the reasons discussed above, we may decide to enhance our liquidity position or increase our cash reserve through additional capital and finance funding. 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 would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

In utilizing the proceeds we received from our initial public offering, we may make additional capital contributions to our PRC subsidiaries, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with business operations in China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our PRC subsidiaries must be approved by the Ministry of Commerce or its local counterparts; and
- loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches.

See "Item 4. Information on the Company B. Business Overview—Regulations—Regulations Related to Foreign Currency Exchange."

Substantially all of our future revenues are likely to be in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

Operating Activities

Net cash provided by operating activities for the year ended December 31, 2019 was RMB175.1 million (US$25.1 million), as compared to a net loss of RMB906.5 million (US$130.2 million). The difference between our net loss and our net cash provided by operating activities was primarily attributable to non-cash adjusting items including RMB961.9 million (US$138.2 million) in provision for doubtful accounts and credit losses, and RMB200.0 million (US$28.7 million) in impairment of prepayment of long-term investment, and a decrease of RMB112.5 million (US$16.2 million) in financing receivables, an increase of RMB86.4 million (US$12.4 million) in financial guarantee liabilities and a decrease of RMB83.0 million (US$11.9 million) in amounts due from related parties, offset by a decrease of RMB172.8 million (US$24.8 million) in short-term and long-term funding debts, an increase of RMB86.9 million (US$12.5 million) in financial guarantee assets, a decrease of RMB63.7 million (US$9.2 million) in accrued expenses and other liabilities, an increase of RMB49.8 million (US$7.2 million) in accounts receivable and a decrease of RMB30.5 million (US$4.4 million) in amounts due to related parties. Our amounts due to related parties mainly arose from allocation of expenses between us and Jimu Group. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group."

Net cash provided by operating activities for the year ended December 31, 2018 was RMB231.9 million, as compared to a net income of RMB2.2 million. The difference between our net income and our net cash provided by operating activities was primarily attributable to non-cash adjusting items including RMB178.6 million in provision for doubtful accounts and credit loss, RMB131.3 million in share-based compensation expenses and an increase of RMB181.8 million in short-term and long-term funding debts, partially offset by a decrease of RMB118.9 million in amounts due to related parties, and an increase of RMB119.3 million in accounts receivable. Our amounts due to related parties mainly arose from allocation of expenses between us and Jimu Group. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group."

Net cash provided by operating activities for the year ended December 31, 2017 was RMB164.9 million, as compared to net loss of RMB84.9 million. The difference between our net loss and our net cash provided by operating activities was primarily attributable to non-cash adjusting items including RMB132.4 million in provision for doubtful accounts and credit loss, an increase of RMB96.8 million in accrued expenses and other liabilities, an increase of RMB36.1 million in accounts payable, and an increase of RMB35.2 million in amounts due from related parties, partially offset by an increase of RMB49.2 million in prepayments and other current assets, an increase of RMB46.4 million in financing receivables, and an increase of RMB46.0 million in accounts receivable. Our amounts due to related parties mainly arose from allocation of expenses between us and Jimu Group. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group."

Investing Activities

Net cash used in investing activities for the year ended December 31, 2019 was RMB538.7 million (US$77.4 million), consisting primarily of RMB1,988.9 million (US$285.7 million) in financing receivables facilitated, RMB697.8 million (US$100.2 million) in net cash advance to Jimu Group, RMB200.0 million (US$28.7 million) in prepayment for long-term investment and RMB137.0 million (US$19.7 million) in loans provided to Jimu Group, and RMB91.5 million (US$13.1 million) payment for long-term investment, partially offset by RMB2,313.2 million (US$332.3 million) in principal collection on financing receivables, RMB135.3 million (US$19.4 million) in loan collection from a third party, and RMB122.0 million (US$17.5 million) in collections of loans from Jimu Group. We record and collect significant volumes of financing receivables primarily in connection with the point-of-sale installment loans that we facilitate.

Net cash provided by investing activities for the year ended December 31, 2018 was RMB280.6 million, consisting primarily of RMB5,204.5 million in principal collection on financing receivables, partially offset by RMB4,319.7 million in financing receivables facilitated. We also had net cash advances to a related party, Jimu Group, of RMB445.3 million, which we converted into a loan in 2019. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group." We also made a short-term loan of RMB137.3 million to an unrelated third party.

Net cash used in investing activities for the year ended December 31, 2017 was RMB1,407.9 million, consisting primarily of RMB6,938.2 million of financing receivables originated, partially offset by RMB5,537.2 million in principal collection of financing receivables. We record and collect significant volumes of financing receivables primarily in connection with the point-of-sale installment loans that we facilitate.

Table of Contents

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2019 was RMB224.4 million (US$32.2 million), consisting primarily of proceeds from funding debts of RMB682.1 million (US$98.0 million), partially offset by principal payment on funding debts of RMB904.1 million (US$129.9 million). Funding debts primarily represent the proceeds from individual investors, the asset-backed securitized debts or the consolidated trusts that we use to fund our financing receivables. We also had proceeds from borrowings of RMB495.0 million (US$71.1 million) offset by principal repayment on borrowings of RMB315.0 million (US$45.2 million), investment from non-controlling interest of RMB170.2 million (US$24.4 million), and proceeds of RMB100.0 million (US$14.4 million) from issuance of debt instrument

Net cash used in financing activities for the year ended December 31, 2018 was RMB200.1 million, consisting primarily of principal repayment on funding debts of RMB3,538.3 million, partially offset by proceeds from funding debts of RMB2,253.5 million. We had proceeds of RMB410.3 million and RMB316.5 million from our offerings of pre-IPO preferred shares and our initial public offering. We also had proceeds of RMB288.1 million from short-term borrowings and RMB151.0 million loan from a shareholder, offset by RMB68.1 million in repayment of short-term borrowings.

Net cash provided by financing activities for the year ended December 31, 2017 was RMB1,565.9 million, consisting primarily of proceeds from funding debts of RMB6,893.9 million, partially offset by principal repayment on funding debts of RMB5,592.5 million. Funding debts primarily represent amounts received from individual investors on Jimu Box, which was our primary source of funding for point-of-sale installment loans during the year ended December 31, 2017. We also had proceeds of RMB235.2 million from issuance of convertible loans.

Capital Expenditures

Our capital expenditures are primarily incurred for purchases of property, equipment and software. Historically, the amount of our capital expenditures has been small. Our capital expenditures were RMB2.8 million in 2017, RMB4.1 million in 2018 and RMB10.0 million (US$1.4 million) in 2019. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our initial public offering. We will continue to incur capital expenditures as needed to meet the expected growth of our business.

Holding Company Structure

Pintec Technology Holdings Limited is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries, our variable interest entities and our variable interest entities' subsidiaries in China. As a result, Pintec Technology Holdings Limited'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, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and 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, any of our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our variable interest entities may allocate a portion of their after-tax profits based on PRC accounting standards to discretionary surplus funds at their 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—Technology" and "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 for the year ended December 31, 2019 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. Off-Balance Sheet Commitments and Arrangements

We have provided financial guarantees through our subsidiaries or variable interest entities for loans that we facilitate with certain financial partners. In 2018, the only such arrangements that were not recorded on our balance sheet were with Guotou Micro Lending Company, a wholly owned subsidiary of China National Investment and Guaranty Corporation. The purpose of these arrangements was to induce Guotou Micro Lending Company to provide funding for loans that we facilitated. The revenue we generated from the facilitation of loans funded by Guotou Micro Lending Company in 2019 was RMB29.9 million, release of financial guarantee liabilities in 2019 was RMB51.4 million. Guotou Micro Lending Company provided approximately 17.4% of the total funding for the loans we facilitated in 2019. As of December 31, 2019, the maximum potential future payment that we could be required to make would be RMB504.6 million (US$72.5 million).

Starting in 2019, Jimu Group has required that we provide financial guarantees for the loans we facilitate that are funded through Jimu Box, the online consumer finance platform operated by Jimu Group. The guarantee only covers those loans that are not recorded on our balance sheet. Jimu Box used to be the single largest funding source for loans facilitated through our platform, but our dependence on Jimu has decreased since 2017 with the diversification of our funding sources. Jimu Box was the funding source for 81% of the outstanding loans facilitated through our platform as of December 31, 2017, 62% of the outstanding loans as of December 31, 2018, and 24% of the outstanding loans as of December 31, 2019. Funding from Jimu Box decreased significantly in 2019. In the fourth quarter of 2019, Jimu Box's funding accounted for less than 5% of the total loans that we facilitated. We expect that loans funded by Jimu Box will be minimal in 2020.

Other than the financial guarantees described in the preceding paragraph, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' 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. Moreover, 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, 2019:

	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Office rental	12,431	19,675	18,100	16,839	67,045

Operating lease agreements represent non-cancellable operating leases for our office premises and the facilities that contain our system hardware and remote backup system.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2019.

G. Safe Harbor

See "Forward-Looking Information" on page 2 of this annual report.

Item 6. Directors, Senior Management and Employees

A. Directors and Executive Officers

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
Wei Wei	46	Director and Chief Executive Officer
Jun Dong	43	Acting Chief Executive Officer and Chairman of the Board of Directors
Xiaomei Peng	48	Director
Zehua Shi	38	Independent Director
Jimin Zhuo	47	Independent Director
Yong Chen	44	Independent Director
Jiacheng Liu	34	Independent Director
Steven Yuan Ning Sim	43	Chief Financial Officer
Ziwei Zhang	36	Chief Marketing Officer

Mr. Wei Wei has served as our chief executive officer and director since our inception. He also served as the chief operating officer of our predecessor from 2012 to 2016. In 2006, Mr. Wei founded Innovation Technology Corp., a telecommunications service provider, which was acquired by VanceInfo in 2007, where he served as vice president and led the mobile software and global sales and marketing divisions. Mr. Wei has over 15 years of experience in the information technology industry and previously held various positions at Huawei, Nokia and Philips Semiconductors. Mr. Wei received his bachelor's degree in electronic engineering in 1995 and his master's degree in electronic engineering in 2000 from Beijing Institute of Technology, and an EMBA degree from China Europe International Business School in 2013. Mr. Wei has been on medical leave of absence since September 2019.

Mr. Jun Dong has served as our director since our inception. He was elected as the chairman of our board of directors and was named as our acting chief executive officer in September 2019. He has also served as the chairman of the board of Jimu Holdings Limited since its inception and as the chairman of the board of directors of Ever Smart International Holdings Limited since 2017. Mr. Dong has over 15 years of experience in the finance industry. Between 2005 and 2008, Mr. Dong served as investment manager with Bank Hapoalim in New York. Mr. Dong received his MBA degree from University of Connecticut in 2003 and his bachelor's degree in tourism management from Yunnan University in 1999. He received his EMBA degree from China Europe International Business School in 2013. He holds Chief Financial Analyst Charter and Certified Management Accountants and Certified Financial Manage certifications.

Ms. Xiaomei Peng has served as our director since our inception. She has over 20 years of experience in China's internet and technology industries, where she has accumulated extensive experience in sales, marketing and commercial operations. Ms. Peng is a director of Jimu Holdings Limited and BBAE Holdings Limited. From 2005 to 2015, she held various operating roles at Qunar, including vice president of product from 2005 to 2006, executive vice president from 2006 to 2013 and the chief operating officer from 2014 to 2015. From 2002 to 2004, she served as project manager at Agenda. Ms. Peng received her bachelor's degree in information processing and recognition from the Harbin Institute of Technology in 1994 and her EMBA degree from China Europe International Business School in 2013.

Mr. Zehua Shi has served as our director since May 2020. Mr. Shi has served as the chairman of the board of directors for Guangdong HMH Industry Group since April 2019 and Shenzhen Longway Technology Co., Ltd. since January 2015. From October 2017 to April 2019, Mr. Shi served as the chairman of the board of directors for Zhuhai HMH Industry Group. From September 2008 to September 2015, Mr. Shi held several executive positions at Guangdong Huasheng Electrical Appliances Co., Ltd., including assistant chairman and executive president.

Mr. Jimin Zhuo has served as our independent director since October 2018. Mr. Zhuo has more than twenty years of professional experience in finance, accounting, tax and auditing. Mr. Zhuo has served as chief financial officer at Beijing Jing-Jin Electric Technologies Co., Ltd. from 2011 to 2012. Prior to that, Mr. Zhuo served as chief accounting officer at VanceInfo Technologies Inc. from 2007 to 2011. Before joining VanceInfo Technologies Inc., Mr. Zhuo served as chief financial officer at Pansky Technology Group from 2005 to 2006. Mr. Zhuo worked in various capacities at Arthur Andersen from 1994 to 2002, at PricewaterhouseCoopers from 2002 to 2004, and at Morgan Stanley from 2004 to 2005. Mr. Zhuo is the author of *Risk Management Based Audit, Securities Class Action: China Concept Companies* and *Corporate Governance: China Concept Companies.* Mr. Zhuo obtained his master's degree in law in 2007 from the University of Southern California and his bachelor's degree in accountancy in 1994 from the Central University of Finance and Economics in Beijing. Mr. Zhuo is a member of the Chinese Institute of Certified Public Accountants and an associate member of the American Institute of Certified Public Accountants. Mr. Zhuo also has a China Lawyer Certificate.

Mr. Yong Chen has served as our director since August 2019. Mr. Chen is a founder of Kunteng (Hainan) Equity Investment Fund Management Co., Limited. Prior to this role, he served as executive vice president and chief operating officer of Tianya Online Network Technology Co., Ltd. from July 2006 to January 2016. He also served as director and chairman of the compensation committee at Sungy Mobile Limited from April 2014 to April 2015. In addition, he previously worked as the general manager at the Guangzhou branch of Great Wall Broadband Network Services Co., Limited from August 2003 to February 2006. Mr. Chen received a bachelor's degree in computer science and communications from Zhejiang University in China in July 1996.

Mr. Jiacheng Liu has served as our director since May 2018. Mr. Liu has served as a senior investment manager in strategic investment department of Sina Corporation since 2016. Prior to that, he served as an investment manager in JD Capital from 2014 to 2016. Mr. Liu served as an analyst at KPMG from 2013 to 2014 and as an analyst at IndustryPro from 2010 to 2013. Mr. Liu received his master's degree in finance from Daniels College of Business at the University of Denver in 2012 and his bachelor's degree of economics in finance from Tianjin Foreign Studies University in 2009.

Mr. Steven Yuan Ning Sim has served as our chief financial officer since October 2016. Mr. Sim has over 15 years of audit and financial management experience. Prior to joining us, Mr. Sim served as vice president of finance at Sohu.com Inc. from 2014 to 2016. From 2011 to 2014, he served as chief financial officer at Leyou Inc., a leading multi-channel baby and maternity platform in China. Mr. Sim served in various capacities at leading public accounting firms including Deloitte & Touche in Beijing, KPMG Europe LLP in London, and Ernst & Young and BDO Raffles in Singapore between 2001 and 2010. Mr. Sim obtained his bachelor's degree in applied accounting from Oxford Brooks University in 2002 and his MBA degree from European Institute of Business Administration (INSEAD) in 2010. Mr. Sim is a member of the Association of Chartered Certified Accountants (ACCA).

Mr. Ziwei Zhang joined our company in March 2015 and has served as our chief marketing officer. Prior to joining our company, Mr. Zhang worked at Lefeng.com from March 2011 to March 2015, where he served as general manager of the marketing department. Before Lefeng.com, Mr. Zhang worked as operations senior director at Iclick Interactive Asia Group Limited from 2010 to 2011, as marketing senior manager at E-commerce China Dangdang Inc., and as manager of the large customer department at Beijing Zibolan Technology Co., Ltd. Mr. Zhang obtained his bachelor's degree in information security engineering from Yunnan University in 2008.

B. Compensation

For the year ended December 31, 2019, we paid an aggregate of approximately RMB3.6 million (US$0.5 million) in cash and benefits to our executive officers. We paid our non-executive directors an aggregate of RMB0.7 million (US$0.1 million) during the same period. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries 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 Incentives

2017 Share Incentive Plan

We adopted a share incentive plan in December 2017, which we refer to as our First Plan, to promote the success of our company and interests of our shareholders by providing a means through which we could grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of our shareholders generally. Under our First Plan, the maximum aggregate number of shares which may be issued pursuant to awards is 45,270,697. Options to purchase a total of 44,109,105 ordinary shares were granted under our First Plan, of which 7,855,939 remain outstanding. Following the adoption of the Second Plan as described below, these grants were assumed under the Second Plan and are being administered pursuant to the Second Plan. We will no longer grant any awards under the terms of the First Plan.

The following paragraphs summarize the terms of our First Plan.

Types of Awards. Our First Plan permits awards of options.

Plan Administration. Our First Plan is administered by our board of directors or by a committee of one or more members designated by our board of directors or another committee (within its delegated authority). The committee or the full board of directors, as applicable, determines, among other things, the eligibility and any particular eligible person to receive awards, the price and number of awards to be granted to each participant and the terms and conditions of each award grant.

Award Agreement. Awards granted under our First Plan are evidenced by an award agreement approved by the administrator that sets forth terms, conditions and limitations for each award.

Exercise Price. The plan administrator determines the exercise price for each award, which is set forth in the applicable award agreement, but subject to certain limits as set forth in our First Plan.

Eligibility. We may grant awards to officers, employees, directors, consultants and advisors of our company or any of our affiliates.

Term of the Awards. The term of each award granted under our First Plan may not exceed ten years from date of the grant.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the applicable award agreement.

Acceleration of Awards upon Change in Control. An award will become immediately vested and exercisable, in full or in part, in the event that a change in control of our company occurs, subject to certain exceptions.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination. Our First Plan will terminate on the date ten years from its adoption, provided that our board may terminate the plan at any time and for any reason.

2018 Share Incentive Plan

In July 2018, our shareholders and board of directors adopted another share incentive plan, which we refer to as our Second Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of shares which may be issued pursuant to all awards under our Second Plan is initially 2% of the total number of shares issued and outstanding immediately prior to the completion of our initial public offering, plus an annual increase on September 1 of each year during the ten-year term of our Second Plan commencing on September 1, 2019, by an amount equal to 2% of the total number of shares issued and outstanding on August 31 that year. As of May 31, 2020, options to purchase a total of 4,516,974 ordinary shares were granted and outstanding under our Second Plan, and options to purchase an additional 12,830,128 ordinary shares may still be granted under our Second Plan (including shares carried over from the First Plan).

The following paragraphs describe the principal terms of our Second Plan.

Types of Awards. Our Second Plan permits the awards of options, restricted shares, restricted share units or any other type of awards approved by the plan administrator.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors will administer our Second Plan. The committee or the full board of directors, 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.

Exercise Price. The plan administrator determines the exercise price for each award, which is stated in the award agreement.

Award Agreement. Awards granted under our Second Plan will be 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 that 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 or any of our affiliates, which include our parent company, subsidiaries and any entities in which our parent company or a subsidiary of our company holds a substantial ownership interest.

Term of the Awards. The vested portion of options will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is ten years from the date of a grant.

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

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than in accordance with the exceptions provided in our Second Plan, such as transfers by will or the laws of descent and distribution.

Termination. Unless terminated earlier, our Second Plan has a term of ten years. Our board of directors has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

The following table summarizes, as of the date of this annual report, the options issued under our share incentive plans to our directors, executive officers and other grantees.

Name	Ordinary Shares Underlying Options Awarded	Exercise Price ($/Share)	Date of Grant	Date of Expiration
Steven Yuan Ning Sim	*	0.000125	October 1, 2016	October 1, 2026
	*	0.000125	June 28, 2019	June 28, 2029
	*	nil	June 28, 2019	June 28, 2029
	*	0.142857143	March 1, 2020	March 1, 2030
Ziwei Zhang	*	0.000125	March 25, 2015	March 25, 2025
	*	0.000125	April 1, 2017	April 1, 2027
Jun Dong	*	0.000125	July 1, 2018	July 1, 2028
All Directors and Executive Officers as a Group	5,710,000			

* Less than 1% of our total outstanding shares.

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 in which he or she is materially interested. The directors may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

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

Audit Committee. Our audit committee consists of Jimin Zhuo, Yong Chen and Jiacheng Liu, and is chaired by Mr. Zhuo. Mr. Zhuo, Mr. Chen and Mr. Liu each satisfy the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Mr. Zhuo 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:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent registered public accounting firm; and
- reporting regularly to the board.

Compensation Committee. Our compensation committee consists of Jimin Zhuo and Yong Chen, and is chaired by Mr. Chen. Mr. Zhuo and Mr. Chen each satisfy the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and meet the independence standards under Rule 10A-3 under the Exchange Act. 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. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing the total compensation package for our executive officers and making recommendations to the board with respect to it;
- reviewing the compensation of our non-employee directors and making recommendations to the board with respect to it; and
- periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans.

Duties of Directors

Under Cayman Islands law, our directors have fiduciary duties, including duties of loyalty and a duty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence 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. We have the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) is found by our company to be or becomes of unsound mind.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with our senior executive officers. Pursuant to these agreements, we may terminate a senior executive officer's employment without cause upon 60 days' prior written notice or for cause at any time without remuneration for certain acts of the officer, such as being convicted of any criminal conduct, any act of gross or willful misconduct or any serious, willful, grossly negligent or material breach of any employment agreement provision, or engaging in any conduct which may make the continued employment of such officer detrimental to our company. Under the employment agreements, each senior executive officer grants us a nonexclusive, royalty-free license on any of his or her prior inventions that are related to our business. Each senior executive officer also grants us his or her entire rights to any intellectual property that he or she created, conceived, developed or reduced to practice during his or her term of employment that is related to our business, results from work performed for us, or uses any property of ours. The employment agreements also contain confidentiality, non-disclosure, non-competition, non-solicitation and non-interference provisions.

We also have entered into indemnification agreements with our directors and senior executive officers. Under these agreements, we will agree to indemnify them against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

D. Employees

As of December 31, 2019, we had 256 employees, which included 214 in Beijing, 37 in Shanghai, 3 in Ganzhou, 1 in Chengdu and 1 in Singapore. The following table sets forth the numbers of our employees categorized by function as of December 31, 2019.

	As of December 31, 2019	
	Number	% of Total Employees
Functions:		
Research and development	99	39%
Risk management	22	9%
Products development and operations	46	18%
Business Development	6	2%
Marketing	20	8%
General and administrative	63	24%
Total number of employees	256	100.0%

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, housing, 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 and confidentiality 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 12 months after the termination of the employment, provided that we pay compensation equal to half a month's salary.

Table of Contents

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

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our shares as of February 25, 2020 by:

- each of our current directors and executive officers; and
- each person known to us to own beneficially more than 5% of our shares.

The calculations in the table below are based on 301,967,797 ordinary shares outstanding as of February 25, 2020, comprising of (i) 251,028,277 Class A ordinary shares, and (ii) 50,939,520 Class B ordinary shares.

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.

See "—B. Compensation" for more details on options and restricted shares granted to our directors and executive officers.

	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Beneficial Ownership	% of Aggregate Voting Power†
Directors and Executive Officers:*					
Wei Wei(1)	—	15,698,914	15,698,914	5.2	23.2
Jun Dong(2)	1,560,000	22,879,829	24,439,829	8.1	33.9
Xiaomei Peng(3)	2,753,506	12,360,777	15,114,283	5.0	18.5
Zehua Shi(4)	—	—	—	—	—
Yong Chen(5)	—	—	—	—	—
Jiacheng Liu(6)	—	—	—	—	—
Jimin Zhuo(7)	—	—	—	—	—
Steven Yuan Ning Sim(8)	**	**	**	**	**
Ziwei Zhang	**	**	**	**	**
All directors and executive officers as a group	5,754,154	50,939,520	56,693,674	18.7	75.8
Principal Shareholders:					
Beansprout Ltd.(9)	47,827,601	—	47,827,601	15.8	4.7
Flamel Enterprises Ltd.(2)	—	18,448,795	18,448,795	6.1	27.3
New Fortune Fund L.P.(10)	18,201,422	—	18,201,422	6.0	1.8
Ventech China II SICAR(11)	17,679,421	—	17,679,421	5.9	1.7
Xiaomi Ventures Limited(12)	16,956,487	—	16,956,487	5.6	1.7
Wise Plus Limited(1)	—	15,698,914	15,698,914	5.2	23.2

Notes:

For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to fifteen votes per share, subject to certain conditions, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

* Except for Mr. Zehua Shi, Mr. Yong Chen, Mr. Jimin Zhuo and Mr. Jiacheng Liu, the business address for our directors and executive officers is 9/F Heng An Building, No. 17 East 3rd Ring Road, Chaoyang District, Beijing, the People's Republic of China.

** Less than 1% of our total outstanding shares.

(1) Represents 15,698,914 Class B ordinary shares held by Mr. Wei Wei through Wise Plus Limited, a company incorporated under the laws of British Virgin Islands. The registered office address of Wise Plus Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Wise Plus Limited is wholly owned and controlled by Beyond Mountain Holdings Limited, a company established under the laws of the British Virgin Islands. Beyond Mountain Holdings Limited is controlled by Beyond Mountain Trust, a trust established under the laws of the Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee. Mr. Wei is the settlor of Beyond Mountain Trust, and Mr. Wei and his family members are the trust's beneficiaries. Under the terms of this trust, Mr. Wei 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 Wise Plus Limited in our company.

(2) Represents (i) 18,448,795 Class B ordinary shares directly held by Flamel Enterprises Ltd, (ii) 4,431,034 Class B ordinary shares directly held by Genius Hub Limited and (iii) 1,560,000 Class A ordinary shares that Mr. Dong has the right to acquire upon exercise of option. Mr. Jun Dong is the sole shareholder and the sole director of Flamel Enterprises Ltd. The registered office address of Flamel Enterprises Ltd. is Tortola Pier Park, Building 1, Second Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. Genius Hub Limited is wholly owned and controlled by Coastal Hero Limited, a company incorporated under the laws of the British Virgin Islands. Coastal Hero Limited is controlled by Genesis Trust, a trust established under the laws of the Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee. Mr. Dong is the settlor of Genesis Trust, and Mr. Dong and his family members are the trust's beneficiaries. Under the terms of this trust, Mr. Dong 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 Genius Hub Limited in our company, and the options we granted to Mr. Dong to purchase 1,560,000 ordinary shares of our company.

(3) Represents 2,753,506 Class A ordinary shares held by Ms. Xiaomei Peng in the form of 393,358 ADSs subscribed by Ms. Peng in our initial public offering, and 12,360,777 Class B ordinary shares held by Ms. Peng through Rosy Range Global Limited, a company incorporated under the laws of British Virgin Islands. The registered office address of Rosy Range Global Limited. is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Rosy Range Global Limited is controlled by Next Wave International Limited, a company incorporated under the laws of British Virgin Islands. Next Wave International Limited is controlled by Javabean Trust, a trust established under the laws of the British Virgin Islands and managed by Vistra trust (BVI) Limited as the trustee. Ms. Peng is the settlor of Javabean Trust, and Ms. Peng and her family members are the trust's beneficiaries. Under the terms of this trust, Ms. Peng 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 share held by Rosy Range Global Limited in our company.

(4) The business address of Mr. Zehua Shi is 163 Yinwan Rd., Zhuhai Center 17th Floor, Zhuhai, Guangdong Province, PRC.

(5) The business address of Mr. Yong Chen is 18/F Dihao Building, Binhai Avenue, Longhua District, Haikou, Hainan Province, PRC.

(6) The business address of Mr. Jiacheng Liu is No. 8 SINA Plaza, Courtyard 10, the West Xibeiwang E. Road, Haidian District, Beijing 100193, PRC.

(7) The business address of Mr. Jimin Zhuo is Room 1405, Building 5A, Jiulong Garden, Chaoyang, Beijing, PRC.

(8) Represents options we granted to Steven Yuan Ning Sim through Nautical Gain Limited, a company incorporated under the laws of British Virgin Islands. The registered office address of Nautical Gain Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Nautical Gain Limited is wholly owned and controlled by Mr. Sim.

(9) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 1, 2019. Represents 18,613,699 Class A ordinary shares held by Mandra iBase Limited, a company incorporated under the laws of British Virgin Islands, 5,892,250 Class A ordinary shares in the form of 841,750 ADSs that were acquired by Mandra iBase Limited in our initial public offering, and 2,818,908 Class A ordinary shares held by Woo Foong Hong Limited. Mandra iBase Limited is wholly owned and controlled by Beansprouts Ltd., and Woo Foong Hong Limited is 51% held by Beansprouts Ltd. Beansprouts Ltd. is owned by Bing How Mui and Song Yi Zhang, and each of them holds 50% of the issued and outstanding share capital of Beansprouts Ltd. The registered address of Mandra iBase Limited is 3rd Floor, J&C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110.

(10) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on January 28, 2019. Represents 18,201,422 Class A ordinary shares directly held by New Fortune Fund L.P., a limited partnership established under the laws of the Cayman Islands. New Fortune Fund L.P. has one general partner and two limited partners. The general partner of New Fortune Fund L.P. is Costal Sunshine Limited, and the limited partners of New Fortune Fund L.P. are Startide Capital Holdings Limited and Allplay Legend Corporation. Pursuant to the constitutional documents of New Fortune Fund L.P., Startide Capital Holdings Limited has the power to direct New Fortune Fund L.P. with respect to the retention or disposal of, and the exercise of voting and other rights attached to, the shares held by New Fortune Fund L.P. Both Startide Capital Holdings Limited and Allplay Legend Corporation are both controlled by Sina Corporation, a Cayman Islands company listed on the Nasdaq Global Select Market. The registered address of New Fortune Fund L.P. is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

(11) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on January 28, 2019. Represents 17,679,421 Class A ordinary shares held by Ventech China II SICAR, a company incorporated in Luxemburg. The registered address of Ventech China II SICAR is 47 Avenue John F. Kennedy L-1855, Luxemburg.

(12) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 12, 2019. Represents 16,956,487 Class A ordinary shares directly held by Xiaomi Ventures Limited, a company incorporated under the laws of British Virgin Islands. Xiaomi Ventures Limited is beneficially owned and controlled by Xiaomi Corporation.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to fifteen votes per share. We issued Class A ordinary shares represented by the ADSs in our initial public offering.

To our knowledge, as of February 25, 2020, a total of 187,865,832 Class A ordinary shares, representing approximately 62.2% of our total outstanding ordinary shares, were held by one record shareholder in the United States, which is The Bank of New York Mellon, the depositary of our ADS program. 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.

Beginning from the earlier of (1) the date when Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng no longer beneficially own, on an aggregate basis, at least 40% of the total Class B ordinary shares that were issued and outstanding immediately prior to the completion of the initial public offering, as adjusted for share splits, share dividends, recapitalizations and the like, or (2) the seventh anniversary of October 29, 2018, each Class B ordinary shares will entitle its holder to only one vote, rather than fifteen. Other than the foregoing, 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 Entities and Their Shareholders

PRC laws and regulations impose restrictions on foreign ownership and investment in internet-based businesses such as distribution of online information, insurance brokerage, fund distribution and other value-added telecommunications services. We are a Cayman Islands company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with PRC laws and regulations, we have entered into a series of contractual arrangements, through our PRC subsidiaries, with our variable interest entities and the shareholders of our variable interest entities to obtain effective control over our variable interest entities and their subsidiaries. For a description of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Our Variable Interest Entities.”

Shareholders Agreement

We entered into an amended and restated shareholders agreement with our shareholders on May 18, 2018.

Pursuant to this shareholders agreement, our board of directors shall consist of up to seven directors. The holders of our ordinary shares are entitled to appoint four directors, and New Fortune Fund L.P., Xiaomi Ventures Limited and Ventech China II SICAR are each entitled to appoint one director.

The amended and restated shareholders agreement also provides for certain preferential rights, including right of participation and co-sale rights. Except for the registration rights, all the preferential rights, as well as the provisions governing the board of directors, were terminated following 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 of at least 20% of our registrable securities have the right to demand in writing that we file a registration statement to register their registrable securities and registrable securities held by others who choose to participate in the offering. This right may be exercised at any time after this initial public offering. We are not obligated to effect a demand registration if, within the six-month period preceding the date of such request, we have already effected a registration pursuant to demand registration rights or Form F-3 registration rights, or holders had an opportunity to participate pursuant to piggyback registration rights. If the underwriters determine that marketing factors require a limitation of the number of share to be underwritten, the underwriters may reduce as required and allocate the shares to be included in the registration statement among holders, subject to certain limitations.

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 the registration the registrable securities then held by such holders. If the underwriters determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, the registrable securities shall allocate first to us, second to each of the holders of series seed-C convertible preferred shares requesting for the inclusion of their registrable securities pursuant to the piggyback registration, third to each of the holders of series seed-B convertible preferred shares requesting for the inclusion of their registrable securities pursuant to the piggyback registration, forth to each of the holders of series seed-A-1 or seed-A-2 convertible preferred shares requesting for the inclusion of their registrable securities pursuant to the piggyback registration, and fifth to each of holders of other securities requesting for the inclusion of their registrable securities pursuant to the piggyback registration.

Form F-3 Registration Rights. Holders of at least 20% of our registrable securities have the right to demand in writing to file a registration on Form F-3. We are not obligated to effect such registration if, among other things, (i) the anticipated aggregate offering price is less than US$20,000,000, or (ii) we have already effected a registration in the six month period preceding the date of the request. We may defer filing of a registration statement on Form F-3 no more than once during any 12 month period for up to 90 days if our board of directors determines in good faith that filing such registration statement will be materially detrimental to us and our shareholders.

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

Termination of Obligations. The registration rights set forth above shall terminate on the earlier of (i) the fifth anniversary of this initial public offering and (ii) with respect to any holder of registrable securities, the time when all registrable securities held by such holder may be sold pursuant to Rule 144 under the Securities Act without transfer restrictions.

Option Grants

We have granted options to purchase our ordinary shares to certain directors, officers, employees and consultants of our company and our affiliates under our First Plan, for their past and future services. See “Item 6. Directors, Senior Management and Employees—B. Compensation”

Transactions and Agreements with Jimu Group

Jimu Group is our related party. We and Jimu Group have a high degree of overlap in shareholding, and we and Jimu Group’s holding company share two board members. Jimu Group was also our largest single funding partner from 2016 to 2018.

Reorganization Agreements

We entered into a series of agreements with Jimu Group with respect to our pre-IPO reorganization and the relationship between us and Jimu Group after the reorganization. For a description of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure—Our Relationship with Jimu Group.”

Cash Advances and Loan Agreements

In the normal course of business, we collect payments on those loans from borrowers for Jimu Group. In addition to payments we made to Jimu Group in the ordinary course of business, we made a series of cash advances to Jimu Group in 2018 and 2019, in both U.S. dollars and Renminbi, that were not documented contemporaneously by loan agreements. The cash advances totaled RMB461.7 million (US$66.3 million) as of December 31, 2018, and were responsible for the greater part of the total amount due from Jimu Group, which amounted to RMB475.0 million (US$68.2 million) as of December 31, 2018. We made additional cash advances to Jimu Group in 2019 as well, totaling RMB697.8 million (US$100.2 million).

We entered into two loan agreements with Jimu Group on July 19, 2019, to formally document the amounts due from Jimu Group that were attributable to the cash advances we made to Jimu Group outside of the ordinary course of business. The first loan agreement was denominated in U.S. dollars and had a principal amount of US$21.4 million, representing the cash that we advanced to Jimu Group in U.S. dollars in 2018. This U.S. dollar-denominated loan bears interest at an annual simple (non-compounding) rate of 3.5%. This loan agreement was supplemented by a supplement dated as of the same date, which revised the maturity date provision of the original agreement to require Jimu Group to repay the principal and interest amounts payable under the original loan agreement on a daily basis over the 215 days from July 1, 2019 through January 31, 2020. The Renminbi-denominated loan matures on January 31, 2022.

The second loan agreement was denominated in Renminbi and had a principal amount of RMB294.9 million (US$42.4 million), representing the net cash that we advanced to Jimu Group in Renminbi in 2018. This Renminbi- denominated loan bears interest at an annual simple (non-compounding) rate of 11%. This loan agreement was supplemented by two supplements dated as of the same date. The first supplement revised the principal amount of the loan as of April 30, 2019, to RMB129.6 million (US$18.6 million), representing an additional RMB391.3 million (US$56.2 million) of cash that we advanced to Jimu Group between January 1, 2019, and April 30, 2019, minus RMB165.3 million (US$23.7 million) of deposits due from us under the information service cooperation agreement relating to the same period, RMB161.3 million (US$23.2 million) in asset management service fees and other fees collected by us for Jimu Group during the same period and RMB230.0 million (US$33.0 million) due from us relating to our purchase of Ganzhou Aixin Micro Finance for that amount in March 2019. The second supplement further revised the principal amount of the loan as of May 31, 2019, to RMB154.6 million (US$22.2 million), representing an additional RMB58.6 million (US$8.4 million) of cash that we advanced to Jimu Group between May 1, 2019, and May 31, 2019, minus RMB2.5 million (US$0.4 million) of deposits due from us under the information service cooperation agreement relating to the same period and RMB31.1 million (US$4.5 million) in asset management service fees and other fees collected by us for Jimu Group during the same period. The second supplement also allows the offset of loan principal against the guarantee deposit payable by us from July 2019 through January 2020, and provided for repayment on a monthly basis over the 24 months from February 2020 through January 2022. As of December 31, 2019, we made a provision of RMB856.0 million (US$123.0 million) for the amount due from Jimu Group since Jimu Group was insolvent and announced its exit from the online lending platform business in February 2020 pursuant to relevant regulations. There are significant outstanding balances on its platform unpaid to investors, which have priority over any other debts, including the balance due to us. Subsequent to December 31, 2019, we continued to provide net cash advances to Jimu Group of RMB39.7 million (US$5.7 million) and make payment of guarantee deposits to Jimu Group of RMB6.9 million (US$1.0 million).

Strategic Cooperation Agreement

We entered into a strategic cooperation agreement with Jimu Group on December 31, 2017. Pursuant to the agreement, we collect asset management fees on behalf of Jimu Group as part of a loan project referral program set up between us. The strategic cooperation agreement was supplemented on July 19, 2019. The supplement allows us to withhold asset management fees relating to loans made on or before December 31, 2018, collected in the amount equivalent to the outstanding amount due from Jimu Group under the abovementioned U.S. dollar-denominated loan in the event that Jimu Group fails to fully and timely repay the principal and interest as it falls due under that loan. The supplement also allows us to deduct the asset management fees collected against the outstanding amount due from Jimu Group under the abovementioned U.S. dollar-denominated loan upon Jimu Group's failure to fully and timely repay the principal and interest due under that loan within 60 days after maturity and apply them to amounts due under the U.S. dollar-denominated loan agreement.

Purchase of Ganzhou Aixin Micro Finance

In March 2019, we acquired 100% of the equity of Ganzhou Aixin Network Micro Finance Co., Ltd., or Ganzhou Aixin Micro Finance, from Jimu Group at a cost of RMB230 million (US$33.0 million). The purchase price was supported by a fairness opinion issued by a third-party valuer. Because Ganzhou Aixin Micro Finance holds a license to operate a small loan business, we believe that we can develop and operate pilot programs for new service offerings to complement our existing services offerings through this entity. The addition of small loan services to our service scope will also allow us to further enhance our data collection capabilities and provide our partners and customers with more robust financial solutions going forward. The amount due from us to Jimu Group for this acquisition was netted against the amount that was due to us under the first supplement of the second loan agreement described above under "—Cash Advances and Loan Agreements".

Information Service Cooperation Agreement

We entered into an information service cooperation agreement with Jimu Group on July 19, 2019. Pursuant to the agreement, we are required to maintain a guarantee deposit with Jimu Group and reimburse Jimu Group for defaulted loans we have facilitated that are funded through Jimu Box, up to a cap. The guarantee deposit must be maintained at an amount equal to 12% of the average outstanding balance of loans we have facilitated that are funded through Jimu Box, excluding loans originated before 2019. The guarantee only covers those loans that are not recorded on our balance sheet. If the deposit falls below 12% at the end of any calculation period then we must deposit additional amounts with Jimu Group to raise it to 12%, and similarly, if the deposit exceeds 12% then Jimu Group must refund the excess to us. The cap on our reimbursement of Jimu Group for defaulted loans in any given month is 1.5% of the average aggregate balance of loans that (1) were facilitated by us, excluding loans originated before 2019, (2) were funded through Jimu Box and (3) were outstanding during the month in question, regardless of the vintage or tenor or due date of the loans. The average aggregate balance for the month in question is calculated as the outstanding balance at the beginning of the month plus the outstanding balance at the end of the month, divided by two. There is no catch-up or claw-back mechanism for months where the aggregate amount of defaulted loans is less than the cap on our reimbursement obligation. Our initial deposit under the information service cooperation agreement was RMB165.3 million (US$24.0 million), representing 12% of the loans which we had facilitated and which Jimu Group had funded since January 1, 2019 and which remained outstanding on April 30, 2019, excluding amounts that were in default. In lieu of paying the initial deposit in cash, we reduced the amount that would be due to us from Jimu Group under the Renminbi-denominated loan agreement described above under "—Cash Advances and Loan Agreements". The arrangements under the information service cooperation agreement make the terms of Jimu Group's business relationship with us more similar to the terms of its business relationship with its other partners than had previously been the case. Because we will be taking on some of the credit risk that Jimu Group had previously borne, we will also receive a larger share of the fees from borrowers than previously. We and Jimu Group entered into a supplement to the information service cooperation agreement in December 2019, pursuant to which we and Jimu Group agree to settle all transactions occurring prior to January 1, 2020 under the information service cooperation agreement, and we do not bear any repayment obligations for transactions occurring after January 1, 2020 under the information service cooperation agreement.

Transactions with Jimu Group

Previously, both we and Jimu Group carried out our businesses under our predecessor, Jimu Holdings Limited, formerly known as Pintec Holdings Limited. The table below sets forth our transactions with Jimu Group for the periods indicated:

	For the Year Ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
(i) Transactions recorded through statement of operations and comprehensive (loss)/income				
- Cost and expenses allocated from Jimu Group	102,263	48,687	24,994	3,590
- Service cost charged by Jimu Group	194,294	529,593	200,163	28,752
- Interest income from loans to Jimu Group	—	—	(43,156)	(6,199)
- Interest expense on borrowings from Jimu Group	—	4,094	213	31
(ii) Operating transactions				
- Technical service fee collected by Jimu Group on behalf of the Group	—	—	(64,078)	(9,204)
- Payment for guarantee deposit to Jimu Group	—	—	(100,269)	(14,403)
- Loan interests collected from Jimu Group	—	—	3,310	475
- Borrowing interests paid to Jimu Group	—	(2,259)	(2,047)	(294)
- Share-based compensation awards to employees of Jimu Group*	—	—	(34,684)	(4,982)
(iii) Financing/Investing transactions				
- Net cash advances to Jimu Group	—	(445,319)	(697,754)	(100,226)
- Principal of loans provided to Jimu Group	—	(52,048)	(137,000)	(19,679)
- Principal of loans collected from Jimu Group	—	52,048	122,000	17,524
- Principal of borrowings proceed from Jimu Group	29,270	26,711	—	—
- Principal of borrowings repaid to Jimu Group	—	(32,150)	(23,831)	(3,423)
- Equity transfer consideration paid to Jimu Group	—	—	(23,000)	(3,304)
- Acquisition of Ganzhou Aixin Micro Finance from Jimu Group	—	—	(230,000)	(33,037)

* The amount due from Jimu Group resulting from the share-based compensation awards to employees of Jimu Group was written off as of December 31, 2019 as we waived this balance.

As of December 31, 2017, we had RMB228.1 million due from Jimu Group and RMB384.2 million due to Jimu Group, as of December 31, 2018, RMB475.0 million due from Jimu Group and RMB89.5 million due to Jimu Group and as of December 31, 2019, RMB866.0 million (US$124.4 million) amounts due from Jimu Group and RMB4.5 million (US$0.6 million) due to Jimu Group. RMB856.0 million (US$123.0 million) of the amount due from Jimu Group as of December 31, 2019 was fully impaired since Jimu Group announced its exit from the online lending platform business pursuant to relevant regulations, and there are significant outstanding balances on its platform unpaid to investors, which have priority over any other debts, including the balance due to us.

Transactions with BBAE Advisors LLC

BBAE Advisors LLC is an entity wholly owned by BBAE Holdings Limited. BBAE Holdings Limited shares a common director, Ms. Xiaomei Peng, with our company. BBAE Advisors LLC provides bridge loans to us for working capital purposes. As of December 31, 2017, 2018 and 2019, we had RMB527 thousand, RMB721 thousand and RMB211 thousand due to BBAE Advisors LLC, respectively.

Transactions with Beijing Liangduo Science and Technology Co., Ltd and Changsha Liangduo Business Consulting Co., Ltd.

We invested in Beijing Liangduo Science and Technology Co. Ltd., or Beijing Liangduo, in May 2017 and hold an 18% equity interest in it. Beijing Liangduo holds 100% equity interests of Changsha Liangduo Business Consulting Co., Ltd., or Changsha Liangduo. As of December 31, 2017, 2018 and 2019, we had RMB1.9 million, RMB5.6 million and RMB2.8 million (US$0.4 million), respectively, due to Beijing Liangduo and Changsha Liangduo related to outsourced collection service fees. For the years ended December 31, 2017, 2018 and 2019, collection service fees charged by Beijing Liangduo and Changsha Liangduo were RMB8.0 million, RMB58.2 million and RMB61.5 million (US$8.8 million), respectively.

Shareholder Loans

Minheng entered into a loan agreement in July 2018 with Xijin (Shanghai) Venture Capital Management Co., Ltd., which is the 100% owner of Cheer Fortune Investment Limited, a shareholder of ours. This loan has a principal amount of RMB70,000,000 (US$10,054,870), an annual interest rate of 10.3%, and a term of one year, and it may be prepaid by Minheng without penalty at any time. Minheng then entered into a second loan with the same lender on the same terms, also in July 2018, for an additional RMB120,000,000 (US$17,236,921). We used the proceeds of these loans, together with cash on hand, to repay the balance of the loan that we had borrowed from Ms. Xuan Zhang. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—B. Liquidity and Capital Resources.” In August 2018, Minheng and the lender entered into a supplementary agreement which changed the maturity date for both loans to December 31, 2018, and changed the interest rate for both loans, retroactive to the first date of each loan, to 0.6%. In December 2018, Minheng agreed with the lender to extend the maturity dates for both loans to May 15, 2019. In May 2019, we repaid the total amount of principal and interest to the lender.

In August 2019, Shanghai Anquying entered into a loan agreement with Shanghai Mantu and other parties, pursuant to which Shanghai Mantu agreed to loan RMB100 million (US$14.3 million) to Shanghai Anquying for a term of one year at an annual interest rate of 8%. Ganzhou Aixin Micro Finance and Mr. Jun Dong, our director, agreed to guarantee Shanghai Anquying’s obligations under the loan agreement. In addition, Shanghai Anquying agreed to pledge its shares in Ganzhou Aixin Micro Finance as security for Shanghai Anquying’s obligations under the loan agreement. We also agreed to issue warrants to Mandra iBase Limited, a related party of Shanghai Mantu, exercisable within three years, to purchase up to 52,835,505 ordinary shares of the Company at an exercise price of US$0.5678 per Class A ordinary share, equal to a price per ADS of US$3.9746.

Employment Agreements and Indemnification Agreements

See “Item 6—Directors, Senior Management and Employees—B. Compensation”

Share Incentive Plans

See “Item 6. Directors, Senior Management and Employees—B. Compensation”

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

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

Dividend Policy

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares. 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 rely principally on dividends from our PRC subsidiaries 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 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—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."

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. 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. If we pay any dividends on our ordinary shares, ADS holders will receive payment to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

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

Our ADSs, each representing seven Class A ordinary shares, have been listed on the Nasdaq Global Market under the symbol "PT" since October 24, 2018.

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs have been listed on the Nasdaq Global Market since October 24, 2018 under the symbol "PT."

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

We are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association and the Companies Law (2020 Revision) of the Cayman Islands, referred to as the Companies Law below. The following are summaries of material provisions of our amended and restated memorandum and articles of association, as well as the Companies Law (2020 Revision) insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of International Corporation Services Ltd., P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates. 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.

Board of Directors

See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Board of Directors.”

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Our company will issue only non-negotiable shares, and will not issue bearer or negotiable shares.

Register of Members

Under Cayman Islands law, we must keep a register of members and there should be entered therein:

- the names and addresses of the members, 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;
- the date on which the name of any person was entered on the register as a member;
- the date on which any person ceased to be a member; and
- whether each 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.

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 is 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 our initial public offering, the register of members was updated to record and give effect to the issue of 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 should be deemed to have legal title to the shares set against their name.

If the name of any person is entered in or omitted from our register of members without sufficient cause, or if there is any default 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 Cayman Islands Grand Court 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.

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class B ordinary share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at our general meetings, and each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at our general meetings. However, beginning from the earlier of (1) the date when Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng no longer beneficially own, on an aggregate basis, at least 40% of the total Class B ordinary shares that were issued and outstanding immediately prior to the completion of the initial public offering, as adjusted for share splits, share dividends, recapitalizations and the like, or (2) the seventh anniversary of October 29, 2018, each Class B ordinary share will entitle its holder to only one vote, rather than fifteen. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale of Class B ordinary shares by a holder thereof to any person other than our three core founders, Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng, or any entity which is not affiliated with any of the three core founders, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares. Each Class B ordinary share beneficially owned by any core founder is automatically converted into one Class A ordinary share, if at any time the core founder ceases to be a director or employee of our company or ceases to have the capability to make business decisions on behalf of our company due to health reasons.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or shareholders in general meeting (provided always that dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business).

Voting Rights

Holders of ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of our company. Holders of ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any such general meeting. Each holder of Class B ordinary shares is entitled to fifteen votes per share, subject to certain conditions, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Travers Thorp Alberga, our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Law and not inconsistent with common law. Travers Thorp Alberga has confirmed that the inclusion in our amended and restated memorandum and articles of association of provisions giving weighted voting rights to specific classes of shareholders generally or to specific classes of shareholders on specific resolutions is not prohibited by the Companies Law. Further, weighted voting provisions have been held to be valid as a matter of English common law and therefore it is expected that such would be upheld by a Cayman Islands court.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders 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 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 Law and our 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 memorandum and articles of association.

Transfer of Ordinary Shares

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.

However, 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 our company has 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;
- the ordinary shares transferred are free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

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

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. 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 proportionately. We are a “limited liability” company registered under the Companies Law, and under the Companies Law, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our memorandum of association contains a declaration that the liability of our members is so limited.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares. The ordinary 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 are otherwise authorized by our memorandum and articles of association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a 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 our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes 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 two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of shares of that class by the holders of two-thirds of the issued shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will 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. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

General Meetings of Shareholders and Shareholder Proposals

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by the chairman or a majority of our board of directors. Advance notice of at least ten calendar 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 total voting power of the outstanding shares in our company.

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 memorandum and articles of association allow any two or more shareholders holding shares representing in aggregate not less than one-third of the total voting rights in the paid up capital of our company, to requisition an extraordinary general meeting of the 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 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 articles 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.

Proceedings of Board of Directors

Our 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 memorandum and articles of association provide that the board may from time to time at its discretion exercise all powers of our company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our company and issue debentures, bonds and other securities of our company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual audited financial statements.

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 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 cancelled.

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 Law of the Cayman Islands. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);

- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company 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). Upon the effectiveness of the registration statement on Form F-1 in connection with our initial public offering, we became subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers.

Differences in Corporate Law

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (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 list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. 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.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, 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 court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;

- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover 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 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, the 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 and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to apply and follow the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) which permit a minority shareholder to commence a class action against, or derivative actions in the name of, a company to challenge the following:

- an acts which is illegal or ultra vires;
- an act which, although not ultra vires, could only be effected duly if authorized by a special or qualified majority vote that has not been obtained; and
- an act which constitutes a fraud on the minority where the wrongdoers are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association provide that our directors and officers shall be indemnified against all actions, costs, charges, expenses, losses and damages incurred or sustained by such director or officer, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our 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.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change in 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.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for a proper purpose and for what they believe in good faith to be in the best interests of our company.

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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her 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, a 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 or her 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 or her personal interest or his or her 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 or her duties a greater degree of skill than may reasonably be expected from a person of his or her 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 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. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. 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 memorandum and articles of association provides that, on the requisition of any two or more shareholders holding shares representing in aggregate not less than one-third of the total voting rights in the paid up capital of our company, the board shall convene an extraordinary general meeting.

However, our 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. 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. Cayman Islands law does not prohibit cumulative voting, but our 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 memorandum and articles of association, directors may be removed by ordinary resolution of our shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, 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 stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate 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.

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 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 only with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Law, our memorandum and articles of association may only be amended by special resolution of our shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our 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 memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Under our memorandum and articles of association, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

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" or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Foreign Currency Exchange."

E. Taxation

The following summary of material Cayman Islands, PRC and U.S. federal income tax considerations of an investment in 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 considerations relating to an investment in ADSs or ordinary shares, such as the tax considerations under state, local and other tax laws.

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 investors levied by the government of the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by our company.

People's Republic of China Taxation

Although we are incorporated in the Cayman Islands, we may be treated as a PRC resident enterprise for PRC tax purposes under the Enterprise Income Tax Law. The Enterprise Income Tax Law provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC is treated as a PRC resident enterprise for PRC tax purposes. The implementing rules of the Enterprise Income Tax Law merely define the "de facto management body" as the "organizational body which effectively manages and controls the production and business operation, personnel, accounting, properties and other aspects of operations of an enterprise." Based on a review of the facts and circumstances, we do not believe that Pintec Technology Holdings Limited or any of our subsidiaries in the British Virgin Islands or Hong Kong should be considered a PRC resident enterprise for PRC tax purposes. However, there is limited guidance and implementation history of the Enterprise Income Tax Law. If Pintec Technology Holdings Limited were to be considered a PRC resident enterprise, then PRC income tax at a rate of 10% would generally be applicable to any gain realized on the transfer of our ADSs or ordinary shares by investors that are "non-resident enterprises" of the PRC and to any interest or dividends payable by us to such investors. See "Item 3D. Key Information—Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

U.S. 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). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated thereunder ("Regulations"), published positions of the Internal Revenue Service (the "Service"), court decisions and other applicable authorities, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

This discussion does not describe all of the U.S. federal income tax considerations that may be applicable to U.S. Holders in light of their particular circumstances or U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;
- tax-exempt entities;
- real estate investment trusts;
- regulated investment companies;
- dealers or traders in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons holding our ADSs or ordinary shares as part of a "straddle," conversion or other integrated transaction;
- persons that have a functional currency other than the U.S. dollar; and
- persons that actually or constructively own 10% or more of our equity (by vote or value).

In addition, this discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax considerations to it in light of its particular situation as well as any considerations arising under the laws of any other taxing jurisdiction.

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 or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable Regulations to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner in a partnership holding our ADSs or ordinary shares is urged to consult its tax advisor regarding in the tax considerations generally applicable to it of the ownership and disposition of our ADSs or ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with its terms. If a U.S. Holder holds ADSs, such holder should be treated as the beneficial holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's unbooked intangibles associated with active business activity are taken into account as non-passive assets.

In addition, a non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Although the law in this regard is unclear, we treat our variable interest entities as being beneficially owned by us for U.S. federal income tax purposes because we control their management decisions, we are entitled to substantially all of the economic benefits associated with these entities, and, as a result, we consolidate their results of operations in our U.S. GAAP financial statements.

We believe our income from and assets used in the installment-sale business are treated as passive under the PFIC provisions. Based on our current income and assets and the value of our ADSs, it is likely that we were classified as a PFIC for our taxable year ending December 31, 2019. Accordingly, U.S. Holders should consult their tax advisors regarding the advisability of making a mark-to-market election (as described below under "—Passive Foreign Investment Company Rules"). Even if we are not currently a PFIC, changes in the nature of our income or assets, or fluctuations in the market price of our ADSs, may cause us to become a PFIC for future taxable years. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization, which may fluctuate over time. Among other factors, if our market capitalization declines, we may become classified as a PFIC for future taxable years. Under circumstances where revenues from our installment-sale business or other activities that produce passive income increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase. In addition, if it were determined that that we are not the beneficial owner of our variable interest entities for U.S. federal income tax purposes, we may be treated as a PFIC for our current taxable year and in future taxable years.

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Rules," any cash distributions (including any 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 such U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be reported as dividend income 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 under the Code.

Individuals and certain other non-corporate U.S. Holders will be subject to tax at the lower capital gain tax rate applicable to "qualified dividend income" on dividends paid on our ADSs or ordinary shares, provided that certain conditions are satisfied, including that (i) 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 benefits of the U.S.-PRC income tax treaty (the "Treaty"), (ii) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend was paid or the preceding taxable year, and (iii) certain holding period requirements are met. Our ADSs are listed on the Nasdaq Global Market, which is an established securities market in the United States, and we anticipate that our ADSs should qualify as readily tradable, although there can be no assurances in this regard. Because we do not expect our ordinary shares will be listed on an established securities market, we do not expect that the dividends we pay on our ordinary shares that are not represented by ADSs will meet the conditions required for such reduced tax rates, unless we are deemed to be a PRC resident enterprise (as described above) and are eligible for the benefits of the Treaty. Assuming we are eligible for such benefits and the other requirements are met, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, would be eligible for the reduced rates of taxation applicable to qualified dividend income. As discussed above under "—Passive Foreign Investment Company Considerations," however, it is likely that we were classified as a PFIC for our taxable year ending December 31, 2019. Accordingly, we do not expect that dividends paid on our ADSs or ordinary shares will meet the conditions required for such reduced tax rates.

For U.S. foreign tax credit purposes, dividends will generally be treated as income from foreign sources and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, a U.S. Holder may be subject to PRC taxes on dividends paid on our ADSs or ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit on 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 U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. 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 Taxable Disposition of our ADSs or Ordinary Shares

Subject to the discussion below under "—Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize capital gain or loss upon the sale or other taxable disposition of our ADSs or ordinary shares in an amount equal to the difference, if any, between the amount realized upon the sale or other taxable disposition and the U.S. Holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. The deductibility of a capital loss may be subject to limitations. In the event that gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC because we are deemed to be a PRC resident enterprise, and such gain is deemed to be U.S.-source gain, a U.S. Holder may not be able to credit such tax against its U.S. federal income tax liability unless such U.S. Holder has other income from foreign sources in the appropriate category for purposes of the foreign tax credit rules. However, a U.S. Holder that is eligible for the benefits of the Treaty may be able to elect to treat such gain as PRC-source gain. Each U.S. Holder is urged to consult its tax advisor regarding the tax considerations if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under such U.S. Holder's particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder owns our ADSs or ordinary shares, and unless the U.S. Holder makes a "mark-to-market" election (as described below), such U.S. Holder will generally be subject to special tax rules that have a generally penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to such U.S. Holder (which generally means any distribution paid during a taxable year to such U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, such U.S. Holder's holding period for our ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including a pledge, of our ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the ADSs or ordinary shares;
- amounts allocated to the current taxable year and any taxable years in each U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC will be taxable as ordinary income; and
- amounts allocated to each of the other taxable years will be subject to tax at the highest tax rate in effect applicable to such U.S. Holder for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.

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 (including any variable interest entity or subsidiary thereof) is also a PFIC, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. Holder may not receive the proceeds of those distributions or dispositions.

A U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to such stock to mitigate certain adverse tax consequences described above. Marketable stock is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange (such as the Nasdaq Global Market) or other market as defined in applicable Regulations. We believe that a U.S. Holder may make a mark-to-market election with respect to our ADSs, but not our ordinary shares, provided that our ADSs remain listed on the Nasdaq Global Market and that our ADSs are regularly traded. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes this election, such U.S. 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 our ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of our ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in our 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, such holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder would generally continue to be subject to the general PFIC rules described above 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 the information necessary for a U.S. Holder to make a qualified electing fund election in the event that we are classified as a PFIC.

If we are classified as a PFIC, a U.S. Holder must file an annual report with the Service. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax considerations of owning and disposing of our ADSs or ordinary shares if we are or become a PFIC, including the unavailability of a qualified electing fund election, the possibility of making a mark-to-market election and the annual PFIC filing requirements, if any.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS INTENDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. EACH U.S. HOLDER IS URGED TO CONSULT ITS TAX ADVISOR AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSIDERATIONS TO IT OF AN INVESTMENT IN OUR ADSs OR ORDINARY SHARES.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed our registration statement on Form F-1 (Registration No. 333-226188), as amended, including the prospectus contained therein, with the SEC to register the issuance and sale of our ordinary shares represented by ADSs in relation to our initial public offering. We have also filed the registration statement on Form F-6 (Registration No. 333-227764) with the SEC to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31.

All information filed with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov* or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC. 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 the Bank of New York Mellon, the depositary of the 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

Foreign Exchange Risk

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

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The 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 Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

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 rising or falling interest rates to have a material impact on our financial condition unless uncertainty about the direction and timing of interest rate changes materially affects the level of borrowing and lending activity in the economy. Our business is dependent upon the healthy functioning of the credit markets in China, and we cannot provide assurance that we will not be exposed to material risks in the event of a credit crisis or prolonged period of uncertainty in the credit markets. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business —Our business may be affected by the condition of China's credit market and competitive landscape of industries in which we operate."

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

Fees and Charges Our ADS Holders May Have to Pay

The Bank of New York Mellon, as depositary, will register and deliver American Depositary shares, also referred to as ADSs. Each ADS will represent seven ordinary shares (or a right to receive seven ordinary shares) deposited with The Hong Kong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 225 Liberty Street, New York, New York 10286.

Persons depositing or withdrawing shares or ADS holders must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us annually for our expenses incurred in connection with investor relationship programs and any other program related to our ADS facility and the travel expense of our key personnel in connection with such programs. The depositary has also agreed to provide additional payments to us based on the applicable performance indicators relating to our ADS facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors. In 2019, we did not receive any reimbursement from the depositary for our expenses incurred in connection with investor relationship programs related to the ADS facility and the travel expense of our key personnel in connection with such programs.

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 (File No. 333-226188) for our initial public offering of 3,725,000 ADSs representing 26,075,000 of our Class A ordinary shares. Goldman Sachs (Asia) L.L.C., Deutsche Bank Securities Inc. and Citigroup Global Markets Inc. were the representatives of the underwriters.

We raised approximately US$40.7 million in net proceeds from our initial public offering, after deducting underwriting commissions and the offering expenses payable by us, including the net proceeds we received from the underwriters' partial exercise of their over-allotment option. For the period from October 24, 2018, the date that the F-1 Registration Statement was declared effective by the SEC, to the date of this annual report, we have used all of the net proceeds from our initial public offering, including US$4.3 million to repay shareholder loans from Xijin (Shanghai) Venture Capital Management Co., Ltd. and the remaining for general corporate purposes.

As disclosed in our registration statement on Form F-1, we intend to use the proceeds from our initial public offering for (i) general corporate purposes, including investment in product development, sales and marketing activities, technology infrastructure, capital expenditures, improvement of corporate facilities and other general and administrative matters, and (ii) acquisition of, or investment in, technologies, solutions or business that complement our business.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2019, our disclosure controls and procedures were ineffective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act was accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual 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) under the Exchange Act. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2019.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness 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.

Internal Control over Financial Reporting

Prior to our initial public offering in October 2018, we were a private company with limited accounting personnel and other resources with which to address our internal controls. In the course of management's preparation and our independent registered public accounting firm's auditing of our consolidated financial statements as of and for the year ended December 31, 2019, we and our independent registered public accounting firm identified three material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis, in accordance with the standards established by the Public Company Accounting Oversight Board of the United States.

One material weakness that has been identified relates to our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address complex U.S. GAAP technical accounting issues and prepare and review financial statements and related disclosures in accordance with U.S. GAAP and reporting requirements set forth by the SEC.

We have implemented and plan to implement a number of measures to address this material weakness:

- we hired a consulting firm with U.S. GAAP experience to strengthen our financial reporting function;
- we are in the process of establishing clear roles and responsibilities for accounting and financial reporting staff to address accounting and financial reporting issues, and we added additional professionals for our financial reporting team in 2019; and
- we are continuing to further expedite and streamline our reporting process and develop our U.S. GAAP and SEC reporting process to allow early detection, prevention and resolution of potential financial reporting and U.S. GAAP issues, and have established an ongoing program to provide sufficient and appropriate training for financial reporting and accounting personnel, especially training related to U.S. GAAP and SEC reporting requirements.

A second material weakness that has been identified relates to our ineffective management and controls over the position of cash advances to Jimu Group. This material weakness includes the lack of effective controls in the following areas:

- implementation of the formal approval process by our board of directors and audit committee, which included establishing appropriate approval limits and executing formal lending agreements for the cash advances prior to the cash being disbursed;
- implementation of the voting abstention rule in board approval process for related-party transactions; and
- sufficient periodic assessment of the recoverability of amounts due from Jimu Group.

We are implementing a number of measures to address this material weakness:

- limit total transaction amounts and balance cap for related party transactions annually with audit committee's approval;
- optimize the board approval process and strictly implement vote abstention rule; and
- evaluate collectability of amounts due from related parties every quarter.

A third material weakness that has been identified relates to our lack of effective controls over our investment process. This material weakness includes the lack of effective controls in the following areas:

- lack of exercising due diligence on the underlying assets prior to making the investment, and
- lack of assessing the credit worthiness of the third party entity before entering into the investment arrangement.

We plan to establish due diligence procedures for investment transactions, including credit assessment procedures to ascertain the financial position of investment targets and other parties involved in the investment transactions, and improve post-investment management activities to address this material weakness.

However, we cannot assure you that all these measures will be sufficient to remediate our material weaknesses in time, or at all. We did not undertake a comprehensive assessment of our internal control over financial reporting under the Sarbanes-Oxley Act for purposes of identifying and reporting any material weakness or significant deficiency 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 control deficiencies may have been identified. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of our ADSs may be materially and adversely affected."

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 on Form 20-F 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 Mr. Jimin Zhuo, an independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and chairman of our audit committee, 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, employees and advisors in July 2018. We have posted a copy of our code of business conduct and ethics on our website at http://ir.pintec.com.

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 PricewaterhouseCoopers Zhong Tian LLP and Marcum Bernstein & Pinchuk LLP, our principal external auditors, for the periods indicated.

	For the year ended December 31,	
	2018	2019
	(in US$ thousands)	
Audit fees (1)	1,819	1,975
Audit-related fees (2)	153	—
Tax fees (3)	100	—
All other fees (4)	87	—

(1) "Audit fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditor for the audit or review of our annual financial statements or quarterly financial information and review of documents filed with the SEC. In 2018, the audit refers to financial statement audit and assurance services rendered in connection with our IPO in 2018 and 2018 financial statement audit.

(2) "Audit-related fees" means the aggregate fees incurred in each of the fiscal years listed for permissible services to review and comment on the design of internal control over financial reporting rendered by our principal auditors.

(3) "Tax fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance, tax advice, and tax planning.

(4) "All other fees" means the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in footnotes (1) through (3).

The policy of our audit committee or our board of directors is to pre-approve all audit and non-audit services provided by Marcum Bernstein & Pinchuk LLP, including audit services, tax services and other services as described above.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In December 2019, our board of directors approved a share repurchase program under which we may purchase up to US$10 million worth of our Class A ordinary shares in the form of ADSs over the 12 months following December 2019. However, the outbreak of COVID-19 followed shortly after the approval of the share repurchase program. As a result, to ensure that we can overcome the related market challenges in the near term and to maintain a healthy cash position, we have not repurchased any of our ADSs as of the date of this annual report. The share repurchase program remains effective and we will continue to monitor the market in order to execute the program at an appropriate time.

Item 16F. Change in Registrant's Certifying Accountant

On August 20, 2019, PricewaterhouseCoopers Zhong Tian LLP, or PwC, was dismissed as the independent registered public accounting firm for the Company. Effective from September 4, 2019, we engaged Marcum Bernstein & Pinchuk LLP, or Marcum, as our independent registered public accounting firm, to audit our consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2018 and 2019. Our financial statements as of and for the fiscal years ended December 31, 2017 and 2018, had previously been audited by PwC. The appointment of Marcum was made after careful consideration and evaluation process by the Company and was approved by the audit committee of our board on August 22, 2019.

The report of PwC on the Company's consolidated financial statements for the fiscal years ended December 31, 2017 and 2018 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended December 31, 2017 and 2018 and the subsequent interim period through August 20, 2019, there were no:

i) disagreements (as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F of Form 20-F) between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to PwC's satisfaction, would have caused PwC to make reference thereto in their report on the financial statements for such year, or

ii) reportable events as defined in Form 20-F Item 16F(a)(1)(v) other than the three material weaknesses reported in the Company's 2018 Form 20-F filed with the U.S. Securities and Exchange Commission on July 30, 2019, including one material weakness reported in the Company's registration statement on Form F-1 which was originally filed with the U.S. Securities and Exchange Commission on July 16, 2018 and became effective on October 24, 2018.

Specifically, the material weaknesses identified as of December 31, 2018 were as follows:

One material weakness that had been identified related to the Company's lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP 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 reporting requirements set forth by the SEC. This material weakness had also been identified as of December 31, 2017, and had not been remediated as of December 31, 2018.

A second material weakness that had been identified related to the Company's lack of effective controls over the provision of cash advances outside the normal course of business to Jimu Group, the Company's related party. For description of the cash advances provided to Jimu Group, see "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group—Cash Advances and Loan Agreements." This material weakness includes the lack of effective controls in the following areas:

- setting of authorization levels for review and preapproval of the business rationale, nature, extent and terms of cash advances to Jimu Group by our board of directors;
- agreement on and documentation of the terms of the cash advances including repayment terms and interest rate prior to the provision or extension of the advances;
- formal procedures to ensure authorization and approval of such advances by our audit committee prior to the provision or extension of the advances, as required under the charter of our audit committee;
- review for appropriate authorization of the transaction in accordance with our authorization limits (including board of director and audit committee approvals) and whether amounts including cumulative amounts of transactions are within the limits approved by the board and audit committee prior to provision or extension of the advances; and
- periodic assessment of the recoverability of the advances to determine if an allowance for doubtful accounts is necessary.

This material weakness resulted in significant outstanding balances due from Jimu Group at the end of 2018 with unclear terms, which presented significant challenges for the Company in assessing the recoverability of the outstanding balance for period end financial reporting purposes.

A third material weakness that had been identified related to the Company's lack of effective controls over a non-routine loan financing transaction with a third-party entity, Plutux Labs. The Company made an unsecured loan of US$20 million at 10.5% annual interest to Plutux Labs in 2018. In May 2019, Plutux Labs repaid all of the principal and part of the interest due. This material weakness includes the lack of effective controls in the following areas:

- exercising due diligence on the third party entity prior to making the loan to determine and document the existence of, the ownership of, and the business nature of the entity;
- assessing the credit worthiness of the third party entity before entering into the loan arrangement; and
- periodically assessing the recoverability of the outstanding loan to determine if an allowance for doubtful accounts is necessary.

The audit committee of our board discussed the material weaknesses with PwC and authorized PwC to fully respond to the inquiries of Marcum on the material weaknesses, if any.

We provided PwC with a copy of the disclosures under this Item 16F and requested from PwC a letter addressed to the Securities and Exchange Commission indicating whether it agrees with such disclosures. A copy of PwC's letter dated June 29, 2020, is attached as Exhibit 16.1.

During the Company's two most recent fiscal years and through the subsequent interim period on or prior to September 4, 2019, neither the Company nor anyone on its behalf consulted with Marcum on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company by Marcum that Marcum concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of 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 Stock Market Rules corporate governance listing standards. However, Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market Rules.

Currently, we do not rely on the home country exemption.

To the extent that we rely on the home country exemption for corporate governance matters, our shareholders may be afforded less protection than they otherwise would under the Nasdaq Stock Market Rules corporate governance listing standards applicable to U.S. domestic issuers. 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 U.S. domestic public companies."

Item 16H. Mine Safety Disclosure

Not applicable.

Table of Contents

PART III

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of Pintec Technology Holdings Limited, its subsidiaries and its consolidated affiliated entities are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	Third Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.2 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018
2.1	Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.1 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated by reference to Exhibit 4.2 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
2.3	Form of Deposit Agreement (incorporated by reference to Exhibit 4.3 of our registration statement on Form F-1 (file no. 333¬226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
2.4*	Description of Securities
4.1	2017 Share Incentive Plan of the Registrant (incorporated by reference to Exhibit 10.1 of our Registration Statement on Form F-1 (file no. 333-226188) filed with the Securities and Exchange Commission on July 16, 2018)
4.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated by reference to Exhibit 10.2 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.3	Form of Employment Agreement between the Registrant and its executive officers (incorporated by reference to Exhibit 10.3 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.4	English translation of Exclusive Business Cooperation Agreement between Sky City (Beijing) Technology Co., Ltd. and Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) dated December 13, 2017 (incorporated by reference to Exhibit 10.4 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.5	English translation of Exclusive Option Agreement among Sky City (Beijing) Technology Co., Ltd., Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) and shareholders of Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) dated December 13, 2017 (incorporated by reference to Exhibit 10.5 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.6	English translation of Equity Pledge Agreement among Sky City (Beijing) Technology Co., Ltd., Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) and shareholders of Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) dated December 13, 2017 (incorporated by reference to Exhibit 10.6 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)

4.7	English translation of the Power of Attorney of the shareholders of Anquying (Tianjin) Technology Co., Ltd. (formerly known as Anquying (Tianjin) Business Information Consulting Co., Ltd.) dated December 13, 2017 (incorporated by reference to Exhibit 10.7 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.8*	English translation of Exclusive Business Cooperation Agreement between Pintec (Beijing) Technology Co., Ltd. and Pintec Jinke (Beijing) Technology Information Co., Ltd. dated September 25, 2019
4.9*	English translation of Exclusive Option Agreement among Pintec (Beijing) Technology Co., Ltd., Pintec Jinke (Beijing) Technology Information Co., Ltd. and shareholders of Pintec Jinke (Beijing) Technology Information Co., Ltd. dated September 25, 2019
4.10*	English translation of Equity Pledge Agreement among Pintec (Beijing) Technology Co., Ltd., Pintec Jinke (Beijing) Technology Information Co., Ltd. and shareholders of Pintec Jinke (Beijing) Technology Information Co., Ltd. dated September 25, 2019
4.11*	English translation of the Power of Attorney by the shareholders of Pintec Jinke (Beijing) Technology Information Co., Ltd. dated September 25, 2019
4.12	English translation of Exclusive Business Cooperation Agreement between Pintec (Beijing) Technology Co., Ltd. and Beijing Hongdian Fund Distributor Co., Ltd. dated December 13, 2017 (incorporated by reference to Exhibit 10.16 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.13	English translation of Exclusive Option Agreement among Pintec (Beijing) Technology Co., Ltd., Beijing Hongdian Fund Distributor Co., Ltd. and shareholders of Beijing Hongdian Fund Distributor Co., Ltd. dated January 23, 2019. (incorporated herein by reference to Exhibit 4.35 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.14	English translation of Equity Pledge Agreement among Pintec (Beijing) Technology Co., Ltd., Beijing Hongdian Fund Distributor Co., Ltd. and shareholders of Beijing Hongdian Fund Distributor Co., Ltd. dated January 23, 2019. (incorporated herein by reference to Exhibit 4.36 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.15	English translation of the Power of Attorney by Wei Hu, a shareholder of Beijing Hongdian Fund Distributor Co., Ltd. dated January 23, 2019. (incorporated herein by reference to Exhibit 4.37 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.16	English translation of the Power of Attorney by Beijing Xinshun Dingye Technology Co., Ltd., a shareholder of Beijing Hongdian Fund Distributor Co., Ltd. dated January 23, 2019. (incorporated herein by reference to Exhibit 4.38 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)

4.17	English translation of "Jiequhua" Business Cooperation Agreement by and among Tianjin Quna Internet Finance Information Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd. dated April 3, 2018 (incorporated by reference to Exhibit 10.20 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.18	English translation of "Naquhua" Business Cooperation Agreement by and among Shanghai Anquying Technology Co., Ltd. and Xi'an Quxie Financial Services Co., Ltd. dated December 25, 2017 (incorporated by reference to Exhibit 10.21 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.19	English translation of Supplemental Agreement (I) to Naquhua Business Cooperation Agreement by and among Shanghai Anquying Technology Co., Ltd. and Xi'an Quxie Financial Services Co., Ltd. dated February 2, 2018 (incorporated by reference to Exhibit 10.22 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.20	English translation of Supplemental Agreement (DI) to Naquhua Business Cooperation Agreement by and among Shanghai Anquying Technology Co., Ltd. and Xi'an Quxie Financial Services Co., Ltd. dated May 1, 2018 (incorporated by reference to Exhibit 10.23 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.21	Lerong Cooperation Agreement by and among Shanghai Anquying Technology Co., Ltd. and Beijing Lerong Duoyuan Information Technology Co., Ltd. dated August 30, 2016 (incorporated by reference to Exhibit 10.24 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.22	Master Transaction Agreement by and between Pintec Technology Holdings Limited and Pintec Holdings Limited, dated December 1, 2017 (incorporated by reference to Exhibit 10.25 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.23	Restructuring Agreement by and among Pintec Holdings Limited and Shareholders, dated December 1, 2017 (incorporated by reference to Exhibit 10.26 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.24	Cooperation Framework Agreement by and between Pintec Technology Holdings Limited and Pintec Holdings Limited, dated December 1, 2017 (incorporated by reference to Exhibit 10.27 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.25	Non-Competition Agreement by and between Pintec Technology Holdings Limited and Pintec Holdings Limited, dated December 1, 2017 (incorporated by reference to Exhibit 10.28 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.26	Intellectual Property License Agreement by and between Pintec Technology Holdings Limited and Pintec Holdings Limited, dated December 1, 2017 (incorporated by reference to Exhibit 10.29 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.27	Loan agreement between Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. and Xuan Zhang dated as of January 22, 2018, and amended as of March 9, 2018 (incorporated by reference to Exhibit 10.30 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.28	2018 Share Incentive Plan of the Registrant (incorporated by reference to Exhibit 10.31 of our Registration Statement on Form F-1 (file no. 333-226188) filed with the Securities and Exchange Commission on July 16, 2018)
4.29	Loan agreement between Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. and Xijin (Shanghai) Venture Capital Management Co., Ltd. dated as of July 14, 2018 (incorporated by reference to Exhibit 10.32 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)

4.30	Loan agreement between Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. and Xijin (Shanghai) Venture Capital Management Co., Ltd. dated as of July 25, 2018 (incorporated by reference to Exhibit 10.33 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.31	Supplementary Agreement to loan agreement between Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. and Xijin (Shanghai) Venture Capital Management Co., Ltd. dated as of August 21, 2018 (incorporated by reference to Exhibit 10.34 of our registration statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
4.32	English translation of Exclusive Option Agreement among Pintec (Beijing) Technology Co., Ltd., Beijing Xinshun Dingye Technology Co., Ltd. and shareholders of Beijing Xinshun Dingye Technology Co., Ltd. dated January 30, 2019 (incorporated herein by reference to Exhibit 4.40 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.33	English translation of Equity Pledge Agreement among Pintec (Beijing) Technology Co., Ltd., Beijing Xinshun Dingye Technology Co., Ltd. and shareholders of Beijing Xinshun Dingye Technology Co., Ltd. dated January 30, 2019 (incorporated herein by reference to Exhibit 4.41 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.34	English translation of the Power of Attorney by Wei Hu, a shareholder of Beijing Xinshun Dingye Technology Co., Ltd., dated January 30, 2019 (incorporated herein by reference to Exhibit 4.42 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.35	English translation of the Power of Attorney by Yudong Zheng, a shareholder of Beijing Xinshun Dingye Technology Co., Ltd., dated January 30, 2019 (incorporated herein by reference to Exhibit 4.43 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.36	English translation of Supplementary Agreement 2 to loan agreement between Shenzhen Qianhai Minheng Commercial (incorporated herein by reference to Exhibit 4.45 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.37	English translation of Ganzhou Aixin Micro Finance Co., Ltd. Purchase Agreement between Lerong Duoyuan (Beijing) Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd., dated as of March 18, 2019 (incorporated herein by reference to Exhibit 4.46 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.38	English translation of Loan Agreement among Shanghai Anquying Technology Co., Ltd., Beijing LeRong Duoyuan Information Technology Co., Ltd., Sky City (Beijing) Technology Co., Ltd., Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd., Pintec (Beijing) Technology Co., Ltd., Lerong Duoyuan (Beijing) Science and Technology Co., Ltd. and Jianianhua (Tianjin) Information Technology Co., Ltd. dated July 19, 2019 (incorporated herein by reference to Exhibit 4.47 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.39	English translation of Supplementary Agreement 1 to loan agreement among Shanghai Anquying Technology Co., Ltd., Beijing LeRong Duoyuan Information Technology Co., Ltd., Sky City (Beijing) Technology Co., Ltd. and Lerong Duoyuan (Beijing) Technology Co., Ltd. dated July 19, 2019 (incorporated herein by reference to Exhibit 4.48 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.40	English translation of Supplementary Agreement 2 to loan agreement among Shanghai Anquying Technology Co., Ltd., Beijing LeRong Duoyuan Information Technology Co., Ltd., Sky City (Beijing) Technology Co., Ltd. and Lerong Duoyuan (Beijing) Technology Co., Ltd. dated July 19, 2019 (incorporated herein by reference to Exhibit 4.49 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.41	English translation of Loan Agreement among the Registrant, Jimu Holdings Limited, Next Hop Holdings Limited, Next Hop Hong Kong Limited and Sky City Hong Kong Limited dated July 19, 2019 (incorporated herein by reference to Exhibit 4.50 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.42	English translation of Supplementary Agreement to loan agreement between the Registrant and Jimu Holdings Limited dated July 19 2019 (incorporated herein by reference to Exhibit 4.51 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.43	English translation of Information Service Cooperation Agreement among Beijing LeRong Duoyuan Information Technology Co., Ltd., Lerong Duoyuan (Beijing) Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd. dated July 19, 2019 (incorporated herein by reference to Exhibit 4.52 to the annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)

4.44*	English translation of Share Transfer Agreement entered into among Jianianhua (Tianjin) Information Technology Co., Ltd., Anquying (Tianjin) Technology Co., Ltd. and Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd. dated December 20, 2019
4.45*	English translation of Capital Increase Agreement entered into among Shenzhen Xinyuhao Technology Co., Ltd., Anquying (Tianjin) Technology Co., Ltd., Shenzhen Guoyu Commercial Factoring Co., Ltd. and Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd. dated December 20, 2019
4.46*	English translation of Loan Contract entered into among Shanghai Anquying Technology Co., Ltd., Shanghai Mandra Technology Co., Ltd., Dong Jun and Ganzhou Aixin Micro Finance Co., Ltd. dated August 30, 2019
4.47*	English translation of Equity Pledge Agreement entered into between Shanghai Mandra Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd. dated August 30, 2019
4.48*	English translation of Loan Agreement entered into between Sky City (Beijing) Technology Co., Ltd. and Lerong Duoyuan (Beijing) Technology Co., Ltd. dated August 30, 2019
4.49*	English translation of Loan Agreement between Sikaisite (Beijing) Science and Technology Co., Ltd. and Lerong Duoyuan (Beijing) Technology Co., Ltd. dated September 9, 2019
4.50*	English translation of Partnership Agreement entered into between Yinchuan Xingyin Investment Fund Partnership (Limited Partnership) and Pintec (Ganzhou) Technology Co., Ltd. dated October 21, 2019
4.51*	English translation of Share Transfer Agreement entered into between Pintec (Ganzhou) Technology Co., Ltd. and Pintec (Yinchuan) Technology Co., Ltd. dated November 20, 2019
4.52*	English translation of Capital Increase Agreement entered into among Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership), Pintec (Yinchuan) Technology Co., Ltd. and Pintec (Ganzhou) Technology Co., Ltd. dated November 20, 2019
4.53*	English translation of Supplementary Agreement to Information Service Cooperation Agreement entered into among the Beijing LeRong Duoyuan Information Technology Co., Ltd., Lerong Duoyuan (Beijing) Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd. dated December 2019
8.1*	List of Principal Subsidiaries and Consolidated Affiliated Entities
11.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 99.1 of our Registration Statement on Form F-1 (file no. 333-226188), as amended, initially filed with the Securities and Exchange Commission on July 16, 2018)
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Shihui Partners
15.2*	Consent of Travers Thorp Alberga
15.3*	Consent of Marcum Bernstein & Pinchuk LLP, Independent Registered Public Accounting Firm
16.1*	Letter from Pricewaterhouse Coopers Zhong Tian LLP to the Securities and Exchange Commission
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

---

* Filed herewith
** Furnished herewith

Table of Contents

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf

Pintec Technology Holdings Limited

By:	/s/ Jun Dong
Name:	Jun Dong
Title:	Acting Chief Executive Officer and Chairman of the Board of Directors

Date: June 29, 2020

Pintec Technology Holdings Limited

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page(s)
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2018 (as restated) and 2019	F-3
Consolidated Statements of Operations and Comprehensive (Loss)/Income for the years ended December 31, 2017 (as restated), 2018 (as restated) and 2019	F-5
Consolidated Statements of Changes in (Invested Deficit)/ Shareholders' Equity for the years ended December 31, 2017, 2018 and 2019	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2017 (as restated), 2018 (as restated) and 2019	F-9
Notes to Consolidated Financial Statements	F-11 ~ F-81

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Pintec Technology Holdings Limited.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pintec Technology Holdings Limited. and Subsidiaries (the "Company") as of December 31, 2018 and 2019, and the related consolidated statements of operations and comprehensive (loss)/income, changes in (invested deficit)/shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company, as of December 31, 2018 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Restatement of Previously Issued Financial Statements

As discussed in Note 26 to the financial statements, the Company has identified and corrected material misstatements in previously issued financial statements for the years ended December 31, 2018 and 2017.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for revenue recognition in 2019 due to the adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (Topic 606), as amended, effective January 1, 2019, using the modified retrospective approach.

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 audits 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.

Significant Transactions with Related Parties

As discussed in Note 22 "Related party transactions" to the financial statements, the Company has entered into significant transactions with Jimu Group, a related party, and has provided significant provision on amount due from related parties as of December 31, 2019.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

We have served as the Company's auditor since 2019.

Beijing, China

June 29, 2020

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

(RMB and US$ in thousands, except for share and per share data, or otherwise noted)

	As of December 31,		
	2018 Restated (Note 26)	2019	2019
	RMB	RMB	US$ Note 2 (f)
ASSETS			
Current assets:			
Cash and cash equivalents	457,442	102,755	14,760
Restricted cash	252,599	382,695	54,971
Short-term financing receivables, net	753,169	430,387	61,821
Short-term financial guarantee assets, net	15,569	91,374	13,125
Accounts receivable, net	47,652	74,251	10,665
Prepayments and other current assets, net	208,399	78,330	11,250
Amounts due from related parties, net	475,426	64	9
Total current assets	**2,210,256**	**1,159,856**	**166,601**
Non-current assets:			
Non-current restricted cash	—	95,454	13,711
Amounts due from related parties, net	—	10,000	1,436
Long-term financing receivables, net	18,882	19,100	2,744
Long-term financial guarantee assets, net	5,040	3,647	524
Long-term investments	58,038	108,603	15,600
Deferred tax assets	36,901	64,675	9,290
Property, equipment and software, net	7,806	14,317	2,057
Intangible assets, net	5,423	49,790	7,152
Goodwill	25,680	35,157	5,050
Total non-current assets	**157,770**	**400,743**	**57,564**
TOTAL ASSETS	**2,368,026**	**1,560,599**	**224,165**
LIABILITIES			
Current liabilities:			
Short-term borrowings (including amounts of the consolidated VIEs of RMB220,000 and RMB320,000, respectively)	220,000	320,000	45,965
Short-term funding debts (including amounts of the consolidated VIEs of RMB694,978 and RMB300,212, respectively)	694,978	300,212	43,123
Accounts payable (including amounts of the consolidated VIEs of RMB37,691 and RMB56,296, respectively)	38,850	57,719	8,291
Amounts due to related parties (including amounts of the consolidated VIEs of RMB72,937 and RMB6,749, respectively)	96,596	10,191	1,464

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

(RMB and US$ in thousands, except for share and per share data, or otherwise noted)

	As of December 31,		
	2018 Restated (Note 26)	2019	2019
	RMB	RMB	US$ Note 2 (f)
Tax payable (including amounts of the consolidated VIEs of RMB51,633 and RMB49,666 respectively)	57,081	52,535	7,546
Debt instrument (including amounts of the consolidated VIEs of RMB nil and RMB81,053, respectively)	—	81,053	11,643
Financial guarantee liabilities (including amounts of the consolidated VIEs of RMB15,537 and RMB101,933, respectively)	15,537	101,933	14,642
Accrued expenses and other liabilities (including amounts of the consolidated VIEs of RMB126,018 and RMB118,128, respectively)	157,462	157,945	22,686
Total current liabilities	**1,280,504**	**1,081,588**	**155,360**
Non-current liabilities:			
Long-term funding debts (including amounts of the consolidated VIEs of RMB21,498 and RMB21,498, respectively)	21,498	21,498	3,088
Long-term borrowings (including amounts of the consolidated VIEs of nil and RMB80,000, respectively)	—	80,000	11,491
Deferred tax liabilities (including amounts of the consolidated VIEs of nil and nil, respectively)	—	2,128	306
Other non-current liabilities (including amounts of the consolidated VIEs of nil and nil, respectively)	8,748	8,683	1,247
Consideration payable for acquisition (including amounts of the consolidated VIEs of nil and nil, respectively)	—	7,982	1,147
Total non-current liabilities	**30,246**	**120,291**	**17,279**
TOTAL LIABILITIES	**1,310,750**	**1,201,879**	**172,639**
Commitments and contingencies (Note 25)			
SHAREHOLDERS' EQUITY			
Class A Ordinary Shares (US$ 0.000125 par value per share; 348,217,505 shares authorized as of December 31, 2018 and 2019; 213,811,958 and 244,499,207 shares outstanding as of December 31, 2018 and 2019)	185	212	30
Class B Ordinary Shares (US$ 0.000125 par value per share; 51,782,495 shares authorized as of December 31, 2018 and 2019; 51,782,495 and 50,939,520 shares outstanding as of December 31, 2018 and 2019)	43	42	6
Additional paid-in capital	1,896,993	1,977,365	284,030
Statutory reserves	1,739	29,659	4,260
Accumulated other comprehensive income	31,014	42,890	6,161
Accumulated deficit	(872,698)	(1,860,640)	(267,264)
Total Pintec Technology Holdings Limited shareholders' equity	**1,057,276**	**189,528**	**27,223**
Non-controlling interests	**—**	**169,192**	**24,303**
TOTAL EQUITY	**1,057,276**	**358,720**	**51,526**
TOTAL LIABILITIES AND EQUITY	**2,368,026**	**1,560,599**	**224,165**

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME

(RMB and US$ in thousands, except for share and per share data, or otherwise noted)

	For the year ended December 31,			
	2017 Restated (Note 26)	2018 Restated (Note 26)	2019	2019 US$ Note 2 (f)
	RMB	RMB	RMB	
Revenues:				
Technical service fees	619,605	1,297,758	1,077,760	154,810
Installment service fees	139,862	291,077	187,359	26,912
Wealth management service fees and others	3,547	14,796	20,117	2,890
Total revenues	**763,014**	**1,603,631**	**1,285,236**	**184,612**
Cost of revenues:				
Funding cost	(78,831)	(161,384)	(51,759)	(7,435)
Provision for credit losses	(115,920)	(70,411)	(33,942)	(4,875)
Origination and servicing cost	(177,662)	(323,342)	(290,398)	(41,712)
Cost on guarantee	—	—	(193,426)	(27,784)
Service cost charged by Jimu Group-related party	(194,294)	(529,593)	(200,163)	(28,752)
Cost of revenues	**(566,707)**	**(1,084,730)**	**(769,688)**	**(110,558)**
Gross profit	**196,307**	**518,901**	**515,548**	**74,054**
Operating expenses:				
Sales and marketing expenses	(72,076)	(99,671)	(69,593)	(9,996)
General and administrative expenses	(106,323)	(312,979)	(1,095,311)	(157,332)
Research and development expenses	(71,517)	(94,989)	(79,079)	(11,359)
Total operating expenses	**(249,916)**	**(507,639)**	**(1,243,983)**	**(178,687)**
Operating (loss)/income	**(53,609)**	**11,262**	**(728,435)**	**(104,633)**
Change in fair value of convertible loans	(7,042)	(9,552)	—	—
Share of loss from equity method investments	(2,455)	(2,652)	(8,149)	(1,171)
Impairment on prepayment for long-term investment	—	—	(200,000)	(28,728)
Impairment from long-term investments	(2,000)	—	—	—
Other (expenses)/income, net	(1,238)	8,822	(11,094)	(1,595)
Interest income from related parties	—	—	43,156	6,199
(Loss)/income before income tax expense	**(66,344)**	**7,880**	**(904,522)**	**(129,928)**
Income tax expense	(18,516)	(5,709)	(1,968)	(283)
Net (loss)/income	**(84,860)**	**2,171**	**(906,490)**	**(130,211)**
Net loss attributable to non-controlling interest	—	—	**(595)**	**(85)**
Net (loss)/income attributable to Pintec Technology Holdings Limited shareholders	**(84,860)**	**2,171**	**(905,895)**	**(130,126)**
Other comprehensive income:				
Foreign currency translation adjustments, net of nil tax	841	30,173	11,876	1,706
Total other comprehensive income	**841**	**30,173**	**11,876**	**1,706**
Total comprehensive (loss)/income	**(84,019)**	**32,344**	**(894,614)**	**(128,505)**
Total comprehensive loss attributable to non-controlling interest	—	—	(595)	(85)
Total comprehensive (loss)/income attributable to Pintec Technology Holdings Limited shareholders	**(84,019)**	**32,344**	**(894,019)**	**(128,420)**
Loss per ordinary share				
Basic and Diluted	(2.08)	(0.74)	(3.21)	(0.46)
Weighted average number of ordinary shares outstanding				
Basic and Diluted	62,809,370	101,094,197	282,129,663	282,129,663
Share-based compensation expenses included in				
Cost of revenues	27	337	250	36
Sales and marketing expenses	2,470	10,236	1,565	225
General and administrative expenses	25,263	102,012	12,785	1,836
Research and development expenses	3,258	18,675	3,247	466

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN (INVESTED DEFICIT)/SHAREHOLDERS' EQUITY

(RMB and US$ in thousands, except for share data and per share data, or otherwise noted)

	Pre-IPO Class A Ordinary Shares		Class A Ordinary Shares		Class B Ordinary Shares		Statutory Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Parent Company's Investment Deficit	Non-controlling interests	Total (Invested Deficit)/ Shareholders' Equity
	Share	Amount	Share	Amount	Share	Amount							
		RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As of December 31, 2016	—	—	—	—	—	—	—	—	—	—	**(9,205)**	**—**	**(9,205)**
Contribution from shareholders	—	—	—	—	—	—	—	—	—	—	11	—	11
Foreign currency translation adjustments, net of nil tax	—	—	—	—	—	—	—	—	—	—	841	—	841
Share-based compensation expenses allocated from Jimu Parent	—	—	—	—	—	—	—	—	—	—	31,018	—	31,018
Net loss	—	—	—	—	—	—	—	—	—	—	(84,860)	—	(84,860)
As of December 31, 2017	—	—	—	—	—	—	—	—	—	—	**(62,195)**	**—**	**(62,195)**
Completion of reorganization	72,000,000	59	—	—	—	—	—	113,110	841	(873,130)	62,195	—	(696,925)
Repurchase of Class A Ordinary Shares	(540,810)	(1)	—	—	—	—	—	—	—	—	—	—	(1)
Issuance of Pre-IPO Class A Ordinary Shares to an existing shareholder	—	—	14,204	1	—	—	—	—	—	—	—	—	1
Pre-IPO Preferred Shares redemption value accretion	—	—	—	—	—	—	—	(65,355)	—	—	—	—	(65,355)
Share issuance upon conversion and redesignation of Pre-IPO Preferred Shares into Class A Ordinary Shares	—	—	164,664,569	144	—	—	—	1,437,530	—	—	—	—	1,437,674

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN (INVESTED DEFICIT)/SHAREHOLDERS' EQUITY

(RMB and US$ in thousands, except for share data and per share data, or otherwise noted)

	Pre-IPO Class A Ordinary Shares		Class A Ordinary Shares		Class B Ordinary Shares		Statutory Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Parent Company's Investment Deficit	Non-controlling interests	Total (Invested Deficit)/ Shareholders' Equity
	Share	Amount	Share	Amount	Share	Amount							
		RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Share issuance upon the redesignation of Pre-IPO Class A Ordinary Shares into Class A and Class B Ordinary Shares	(71,459,190)	(58)	19,676,695	15	51,782,495	43	—	—	—	—	—	—	—
Share issuance upon initial public offering and followed offering, net of issuance costs	—	—	29,456,490	25	—	—	—	280,448	—	—	—	—	280,473
Net income	—	—	—	—	—	—	—	—	—	2,171	—	—	2,171
Appropriation to statutory reserve	—	—	—	—	—	—	1,739	—	—	(1,739)	—	—	—
Share-based awards to employee of the Group	—	—	—	—	—	—	—	131,260	—	—	—	—	131,260
Foreign currency translation adjustments, net of nil tax	—	—	—	—	—	—	—	—	30,173	—	—	—	30,173
As of December 31, 2018	**—**	**—**	**213,811,958**	**185**	**51,782,495**	**43**	**1,739**	**1,896,993**	**31,014**	**(872,698)**	**—**	**—**	**1,057,276**
Impact on adoption of ASC 606	—	—	—	—	—	—	—	—	—	(54,127)	—	—	(54,127)
Exercise of options	—	—	29,737,638	26	—	—	—	—	—	—	—	—	26
Share issuance associated acquisition of subsidiaries	—	—	106,636	—	—	—	—	1,187	—	—	—	—	1,187

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN (INVESTED DEFICIT)/SHAREHOLDERS' EQUITY

(RMB and US$ in thousands, except for share data and per share data, or otherwise noted)

	Pre-IPO Class A Ordinary Shares		Class A Ordinary Shares		Class B Ordinary Shares		Statutory Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Parent Company's Investment Deficit	Non-controlling interests	Total (Invested Deficit)/ Shareholders' Equity
	Share	Amount	Share	Amount	Share	Amount							
		RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Warrant issued	—	—	—	—	—	—	—	26,290	—	—	—	—	26,290
Reassignment of Class B Ordinary Shares to Class A Ordinary Shares	—	—	842,975	1	(842,975)	(1)	—	—	—	—	—	—	—
Addition of noncontrolling interests resulting from selling of interests in a subsidiary	—	—	—	—	—	—	—	364	—	—	—	19,787	20,151
Contribution from non-controlling interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	150,000	150,000
Share-based awards to employee of the Group	—	—	—	—	—	—	—	17,847	—	—	—	—	17,847
Net loss	—	—	—	—	—	—	—	—	—	(905,895)	—	(595)	(906,490)
Appropriation to statutory reserve	—	—	—	—	—	—	27,920	—	—	(27,920)	—	—	—
Share-based awards to employee of Jimu Group	—	—	—	—	—	—	—	34,684	—	—	—	—	34,684
Foreign currency translation adjustments, net of nil tax	—	—	—	—	—	—	—	—	11,876	—	—	—	11,876
As of December 31, 2019	**—**	**—**	**244,499,207**	**212**	**50,939,520**	**42**	**29,659**	**1,977,365**	**42,890**	**(1,860,640)**	**—**	**169,192**	**358,720**

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(RMB and US$ in thousands, except for share data and per share data, or otherwise noted)

	For the year ended December 31,			
	2017 Restated (Note 26)	2018 Restated (Note 26)	2019	2019
	RMB	RMB	RMB	US$ Note 2 (f)
Cash flows from operating activities:				
Net (loss)/income	(84,860)	2,171	(906,490)	(130,211)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:				
Depreciation and amortization	4,079	4,701	12,289	1,765
Share-based compensation expenses	31,018	131,260	17,847	2,563
Provision for doubtful accounts and credit losses	132,400	178,567	961,851	138,161
Impairment on prepayment for long-term investment	—	—	200,000	28,728
Loss from equity-method investments	2,455	2,652	8,149	1,171
Accretion of debt instrument	—	—	7,343	1,055
Change in fair value of convertible loans	7,042	9,552	—	—
Change in fair value of short-term investments	—	315	—	—
Deferred income tax	—	(36,901)	(17,263)	(2,480)
Impairment from long-term investments	2,000	—	—	—
Change in the fair value of contingent consideration payable from acquisition of Infrarisk	—	—	1,496	215
Changes in operating assets and liabilities:				
Short-term and long-term financing receivables	(46,401)	(34,841)	112,540	16,165
Short-term and long-term financial guarantee assets	—	(20,610)	(86,939)	(12,488)
Accounts receivable	(45,958)	(119,252)	(49,780)	(7,150)
Amounts due from related parties, net	35,239	33,352	83,020	11,925
Prepayments and other current assets	(49,236)	(15,579)	2,112	304
Short-term and long-term funding debts	12,867	181,799	(172,792)	(24,820)
Accounts payable	36,139	(4,193)	15,070	2,165
Amounts due to related parties	10,818	(118,888)	(30,495)	(4,380)
Tax payable	20,442	34,695	(5,539)	(796)
Financial guarantee liabilities	—	15,537	86,397	12,410
Accrued expenses and other liabilities	96,808	(12,429)	(63,737)	(9,155)
Net cash provided by operating activities	**164,852**	**231,908**	**175,079**	**25,147**
Cash flows from investing activities:				
Purchase of property, equipment and software	(2,815)	(4,071)	(10,015)	(1,439)
Prepayment for long-term investment	—	—	(200,000)	(28,728)
Financing receivables facilitated	(6,938,205)	(4,319,655)	(1,988,899)	(285,688)
Collection of principal on financing receivables	5,537,159	5,204,478	2,313,229	332,275
Loan provided to a third party	—	(137,264)	—	—
Collection of loan from a third party	—	—	135,296	19,434
Net cash advances to Jimu Group	—	(445,319)	(697,754)	(100,226)
Loans provided to Jimu Group	—	(52,048)	(137,000)	(19,679)
Collection of loan from Jimu Group	—	52,048	122,000	17,524
(Purchase of)/proceeds from short-term investments	(2,000)	1,685	—	—
Cash acquired due to acquisition of Ganzhou Aixin Micro Finance (Note 4)	—	—	42,591	6,118
Purchase of Infrarisk, net of cash acquired (Note 4)	—	—	(3,650)	(524)

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(RMB and US$ in thousands, except for share data and per share data, or otherwise noted)

	For the year ended December 31,			
	2017 Restated (Note 26)	2018 Restated (Note 26)	2019	2019
	RMB	RMB	RMB	US$ Note 2 (f)
Purchase of long-term investments	(2,000)	(19,259)	(91,500)	(13,143)
Equity transfer consideration paid to Jimu Group	—	—	(23,000)	(3,304)
Net cash (used in)/provided by investing activities	**(1,407,861)**	**280,595**	**(538,702)**	**(77,380)**
Cash flows from financing activities:				
Proceeds from issuance of Pre-IPO Preferred Shares	—	410,286	—	—
Proceeds from initial public offering and followed offering, net of underwriter's commission	—	316,451	—	—
Proceeds from short-term and long-term borrowings	40,000	288,141	495,000	71,102
Repayment of short-term borrowings	(40,000)	(68,141)	(315,000)	(45,247)
Loan received from third parties	—	514,000	17,000	2,442
Loan repayment to third parties	—	(514,000)	(17,000)	(2,442)
Contribution from Jimu Group and shareholders	11	—	—	—
Loan proceeds from Jimu Group	29,270	26,711	—	—
Repayment of loans to Jimu Group	—	(32,150)	(23,831)	(3,423)
Loan proceeds from a shareholder	—	151,000	—	—
Repayment of loan to a shareholder	—	(29,313)	—	—
Proceeds from funding debts	6,893,906	2,253,452	682,100	97,978
Principal repayments on funding debts	(5,592,497)	(3,538,252)	(904,074)	(129,862)
Proceeds from issuance of convertible loans	235,231	21,730	—	—
Proceeds from issuance of debt instrument	—	—	100,000	14,364
Proceeds from exercise of options	—	—	26	4
Proceeds from minority shareholders capital injection	—	—	170,151	24,441
Proceeds from notes payable	—	—	20,000	2,873
Net cash provided by/(used in) financing activities	**1,565,921**	**(200,085)**	**224,372**	**32,230**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(34)**	**21,732**	**10,114**	**1,453**
Net increase/(decrease) in cash, cash equivalents and restricted cash	322,878	334,150	(129,137)	(18,550)
Cash, cash equivalents and restricted cash at beginning of the year	53,013	375,891	710,041	101,992
Including:				
Cash and cash equivalents at beginning of the year	53,013	370,891	457,442	65,708
Restricted cash at beginning of the year	—	5,000	252,599	36,284
Cash, cash equivalents and restricted cash at end of the year	**375,891**	**710,041**	**580,904**	**83,442**
Including:				
Cash and cash equivalents at end of the year	370,891	457,442	102,755	14,760
Restricted cash at end of the year	5,000	252,599	382,695	54,971
Non-current restricted time deposits	—	—	95,454	13,711
Supplemental disclosure of cash flow information:				
Cash paid for interest and funding cost	13,120	82,069	64,121	9,210
Cash paid for income tax expense	9,971	17,651	33,419	4,800
Non-cash investing activities:				
Payables related to long-term investments	—	(35,000)	—	—
Net off amount due to Jimu Group arising from acquisition of Ganzhou Aixin Micro Finance with due from Jimu Group	—	—	230,000	33,037
Other non-current liabilities related to investment in Pivot	(8,821)	—	—	—
Contingent payables related to acquisition of Infrarisk	—	—	(11,215)	(1,611)
Non-cash financing activities:				
Pre-IPO Preferred Shares redemption value accretion	—	65,355	—	—
Conversion of convertible loans into Pre-IPO Preferred Shares	—	267,893	—	—
Redesignation of Pre-IPO Preferred Shares into Class A Ordinary Shares	—	1,437,674	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities

(a) Nature of operations

Pintec Technology Holdings Limited (the "Company" or "Pintec") was incorporated in the Cayman Islands on March 2, 2017 as an exempted company with limited liability. The Company (and its predecessor prior to the reorganization) through its subsidiaries, and its variable interest entities ("VIEs") (collectively, the "Group") is principally engaged in the operation of an online technology platform enabling financial services (the "Pintec Business") in the People's Republic of China (the "PRC" or "China"). The financial services enabled by the Company's technology platform include: (i) assistance for borrowers to obtain loans from third party investors and certain financial partners, (ii) a lending solution for borrowers who want to finance their on-line purchases or who have personal or business installment loan requests, and (iii) a wealth management and insurance product distribution solution for asset management and insurance companies respectively to facilitate the sales of their products.

(b) Reorganization

The Pintec Business commenced operations in June 2015 as a business unit within Jimu Holdings Limited (the "Parent Company" or "Jimu Parent" formerly known as Pintec Holdings Limited), which is a British Virgin Islands ("BVI") holding company. To pursue initial public offering of Pintec Business, Jimu Parent initiated a restructuring process (the "Reorganization") that separated Pintec Business from Jimu Parent and transferred it to the Group as of March 31, 2018. The Reorganization was approved by the Board of Directors and a restructuring framework agreement was entered into by the Group, Jimu Parent and the shareholders of Jimu Parent in December 2017.

To effect the transfer of the Pintec Business to the Group, the following major steps were undertaken:

- Pintec, the holding company for the Group, was set up by one of the founding shareholders of Jimu Parent, (one of the "Founders").
- In April 2017, four dormant holding companies of Jimu Parent which were incorporated in BVI or Hong Kong, along with two newly established subsidiaries incorporated in China, were transferred to Pintec at par value.
- In May 2017, Pintec issued ordinary shares at par value to Jimu Parent ordinary shareholders for the respective number of shares that they held in Jimu Parent.
- In December 2017, Pintec issued preferred shares at par value to Jimu Parent preferred shareholders for the respective number of shares that they held in Jimu Parent.
- In December 2017, options of the Company were issued in connection with the Reorganization to mirror the number and vesting terms of the options originally granted by Jimu Parent. These options have an expiration period of 10 years.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. **Organization and principal activities (Continued)**

- In December 2017, the Group started acquiring the Pintec Business from Jimu Parent. This was done by (1) signing agreements over four variable interest entities which were dormant or were used for the operations of the Pintec Business. These four variable interest entities, together with their five wholly owned subsidiaries, operate the Pintec Business (See Note 1 (c) for details of these agreements), and (2) transferring certain other assets and employees from Jimu Parent's subsidiaries and variable interest entities to the Group.
- In March 2018, the transfer of the key employees from Jimu Parent's subsidiaries and variable interest entities to the Group was completed.

Establishment of Pintec, its subsidiaries and VIEs

As of December 31, 2019, the Company's principal subsidiaries, consolidated VIEs and subsidiaries of VIEs are as follows.

	Date of incorporation/ acquisition	Place of incorporation	Percentage of direct or indirect economic interest	Principal activities
The Company:				
Pintec Technology Holdings Limited ("Pintec")	March 2, 2017	The Cayman Islands		Investment holding
Wholly owned subsidiaries:				
Sky City Holdings Limited ("Sky City BVI")	June 23, 2016	BVI	100%	Investment holding
Sky City Hong Kong Limited ("Sky City HK")	August 17, 2016	Hong Kong	100%	Investment holding
Sky City (Beijing) Technology Co., Ltd. ("Sky City WFOE")	December 22, 2016	The PRC	100%	Investment holding
Next Hop Holdings Limited ("Next Hop BVI")	January 4, 2016	BVI	100%	Investment holding
Next Hop Hong Kong Limited ("Next Hop HK")	January 20, 2016	Hong Kong	100%	Investment holding
Pintec (Beijing) Technology Co., Ltd ("Pintec Beijing WFOE")	December 21, 2016	The PRC	100%	Investment holding
Anxunying (Tianjin) Commercial Factoring Co., Ltd. ("Anxunying Tianjin")	December 3, 2018	The PRC	100%	Lending solution business
FT Synergy Pte. Ltd. ("FT Singapore")	December 21, 2018	Singapore	100%	Investment holding
FT Synergy Pty Ltd. ("FT Australia")	April 30, 2019	Australia	100%	Investment holding
Infrarisk Pty Ltd. ("Infrarisk Australia")	April 30, 2019	Australia	100%	Lending solution business
Infrarisk Limited ("Infrarisk UK")	April 30, 2019	The United Kingdom	100%	Lending solution business
Pintec (Ganzhou) Technology Co., Ltd ("Pintec Ganzhou")	December 24, 2018	The PRC	100%	Lending solution business
Pintec (Yinchuan) Technology Co., Ltd. ("Pintec Yinchuan")	December 17, 2019	The PRC	100%	Investment holding
Pintec Digital Technology (Beijing) Co., Ltd ("Pintec Digital")	February 20, 2019	The PRC	100%	Investment holding

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

	Date of incorporation/ acquisition	Place of incorporation	Percentage of direct or indirect economic interest	Principal activities
Huatai (Ningxia) Enterprise consulting service limited partnership ("Huatai Ningxia")	December 21, 2019	The PRC	66.67%	Investment holding
VIEs and VIEs subsidiaries (referred to as "Pintec Operating Entities"):				
Anquying (Tianjin) Technology Co., Ltd. ("Tianjin Anquying")	January 29, 2016	The PRC	100%	Lending solution business
Shanghai Anquying Technology Co., Ltd. ("Shanghai Anquying")	November 16, 2015	The PRC	100%	Lending solution business
Anquyun (Tianjin) Technology Co., Ltd. ("Tianjin Anquyun")	January 2, 2018	The PRC	100%	Lending solution business
Ganzhou Dumiao Intelligence Technology Co., Ltd (formerly known as Anquying (Ganzhou) Technology Co., Ltd.) ("Ganzhou Anquying")	May 27, 2017	The PRC	100%	Lending solution business
Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. ("Shenzhen Minheng")	June 30, 2016	The PRC	100%	Lending solution business
Ganzhou Aixin Network Micro Finance Co., Ltd ("Ganzhou Aixin Micro Finance", formerly known as Ganzhou Jimu Micro Finance Co., Ltd.)	March 21, 2019	The PRC	100%	Micro-loan Lending
Pintec Yunke (Ganzhou) Technology Information Co., Ltd. ("Pintec Yunke")	May 9, 2019	The PRC	100%	Lending solution business
Beijing Hongdian Fund Distributor Co., Ltd. ("Beijing Hongdian")	April 13, 2015	The PRC	100%	Wealth management solution business
Xuanji Intelligence (Beijing) Technology Co., Ltd. ("Beijing Xuanji")	May 31, 2016	The PRC	100%	Wealth management solution business
Tianjin Xiangmu Asset Management Co., Ltd. ("Tianjin Xiangmu")	June 18, 2015	The PRC	100%	Wealth management solution business
Pintec Jinke (Beijing) Technology Information Co., Ltd., (formerly known as Hezi (Beijing) Consultants Co., Ltd) ("Beijing Jinke")	January 3, 2017	The PRC	100%	Wealth management solution business
Myfin Insurance Broker Co., Ltd ("Myfin Insurance")	December 17, 2015	The PRC	60%	Insurance solution business
Shenzhen Xiaogang Technology Co., Ltd. ("Shenzhen Xiaogang")	March 25, 2019	The PRC	100%	Wealth management solution business
Beijing Xinshun Dingye Technology Co., Ltd. ("Xinshundingye")	January 30, 2019	The PRC	100%	Wealth management solution business

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

Basis of Presentation for the Reorganization

The Reorganization consists of transferring the Pintec Business to the Group, which is owned by Jimu Parent's shareholders immediately before and after the Reorganization. The shareholding percentages and rights of each shareholder are the same in Jimu Parent and Pintec immediately before and after the Reorganization. Accordingly, the Reorganization is accounted for in a manner similar to a common control transaction because it is determined that the transfers lack economic substance. Therefore, the consolidated financial statements include the assets, liabilities, revenue, expenses and cash flows that are directly attributable to the Pintec Business for the period presented and are prepared as if the corporate structure of Pintec after the Reorganization had been in existence throughout the period presented. Such presentation may not necessarily reflect the results of operations, financial position and cash flows of the Group had it existed on a stand-alone basis during the period presented.

The assets and liabilities are stated at historical carrying amounts. Those assets and liabilities that are specifically related to the Pintec Business are included in the Group's consolidated balance sheets. Income taxes are calculated as if it was a separate standalone entity. The Group's statement of operations and comprehensive loss consists of all the revenues, costs and expenses of the Pintec Business, including allocations to the cost of revenue, sales and marketing expenses, research and development expenses, and general and administrative expenses, which were incurred by Jimu Parent but related to the Pintec Business. These allocated costs and expenses are primarily for office rental expenses, office utilities, information technology support and certain corporate functions, including senior management, finance, legal and human resources, as well as share-based compensation expense.

Generally, the cost of shared employees were allocated to the Group based on the Group's headcount as a proportion of total headcount in the Jimu Parent group; share based compensation expenses related to options issued by Jimu Parent were allocated to the Group in their original vesting period based on the compensation expenses attributable to employees of Pintec Business, and shared corporate marketing expenses and bandwidth and server hosting costs were allocated based on the Group's revenues as a proportion on of the total revenue of Jimu Parent group. These allocations are made on a basis considered reasonable by management to estimate what the Company would incur on a stand-alone basis, as if the Company had operated as an unaffiliated entity, before the consummation of the Reorganization.

The following tables set forth the cost of revenues, sales and marketing expenses, research and development expenses, and general and administrative expenses allocated from Jimu Parent for the years ended December 31, 2017 and 2018 and 2019. The operating expenses other than share-based compensation are primarily billed by Jimu Parent and are included in amounts due to related parties:

For the year ended December 31, 2017:	Share based compensation	Others	Total
	RMB	RMB	RMB
Cost of revenues	27	2,613	2,640
Sales and marketing expenses	2,470	16,281	18,751
General and administrative expenses	25,263	19,936	45,199
Research and development expenses	3,258	32,415	35,673
Total	**31,018**	**71,245**	**102,263**

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

For the year ended December 31, 2018:	Share based compensation RMB	Others RMB	Total RMB
Cost of revenues	214	229	443
Sales and marketing expenses	3,147	2,044	5,191
General and administrative expenses	28,945	4,194	33,139
Research and development expenses	4,190	5,724	9,914
Total	**36,496**	**12,191**	**48,687**

For the year ended December 31, 2019:	Share based compensation RMB	Others RMB	Total RMB
Cost of revenues	24	153	177
Sales and marketing expenses	1,604	393	1,997
General and administrative expenses	18,776	787	19,563
Research and development expenses	2,030	1,227	3,257
Total	**22,434**	**2,560**	**24,994**

(c) Variable interest entities (excluding the consolidated trusts and asset-backed securitized debts as discussed in Note 2(j))

(1) VIE arrangement before the Reorganization

Prior to the Reorganization, in order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and certain finance businesses, the Jimu Parent operated its restricted businesses in the PRC through its VIEs, whose equity interests are held by certain founders of Jimu Parent. Jimu Parent obtained control over these VIEs by entering into a series of contractual arrangements with the legal shareholders who are also referred to as nominee shareholders. The rights of those nominee shareholders have been transferred to Jimu Parent through the contractual arrangements.

The contractual arrangements that were used to control the VIEs include powers of attorney, exclusive business cooperation agreements, equity pledge agreements and exclusive option agreements.

Management concluded that Jimu Parent, through the contractual arrangements, has the power to direct the activities that most significantly impact the VIEs' economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the VIEs, and therefore Jimu Parent is the ultimate primary beneficiary of these VIEs constituting the Pintec Business. As such, Jimu Parent consolidated the financial statements of these VIEs. Consequently, the financial results of the VIEs directly attributable to the predecessor operations were included in the Group's consolidated financial statements in accordance with the basis of presentation for the Reorganization as stated in Note 1.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

The following is a summary of the contractual agreements that the Jimu Parent, through its wholly foreign owned enterprise subsidiaries ("Jimu WFOE"), entered into with the VIEs and their nominee shareholders:

Powers of attorney —Pursuant to the irrevocable power of attorney, Jimu WFOE is authorized by each of the nominee shareholders as their attorney in-fact to exercise all shareholder rights under PRC law and the relevant articles of association, including but not limited to, the sale or transfer or pledge or disposition of all or part of the nominee shareholders' equity interests, and designate and appoint directors, chief executive officers and general manager, and other senior management members of the VIEs. Each power of attorney will remain in force during the period when the nominee shareholder continues to be shareholder of the VIEs. Each nominee shareholder has waived all the rights which have been authorized to Jimu WFOE under each power of attorney. The powers of attorney are irrevocable and remain in force continuously upon execution.

Exclusive business cooperation agreements —Jimu WFOE and the VIEs entered into exclusive business cooperation agreements under which the VIEs engage Jimu WFOE as their exclusive provider of technical services and business consulting services. The VIEs shall pay services fees to Jimu WFOE, which are determined by Jimu WFOE at its sole discretion. Jimu WFOE shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising from the performance of the agreement. During the term of the agreement, the VIEs shall not accept any consultations and/or services provided by any third party and shall not cooperate with any third party for the provision of identical or similar services without prior consent of Jimu WFOE. These agreements will remain in effect for ten years, but can be terminated by Jimu WFOE with 30 days' advance written notice. These agreements can be extended at the sole discretion of Jimu Parent.

Equity pledge agreements —Pursuant to the relevant equity pledge agreements, the nominee shareholders of the VIEs have pledged all of their equity interests in the VIEs to Jimu WFOE as collateral for all of the VIEs' payments due to Jimu WFOE and to secure the VIEs' obligations under the above agreement. The nominee shareholders shall not transfer or assign the equity interests, the rights and obligations in the equity pledge agreement or create or permit to create any pledges which may have an adverse effect on the rights or benefits of Jimu WFOE without Jimu WFOE's written consent. Jimu WFOE is entitled to transfer or assign in full or in part the equity interests pledged. In the event of default, Jimu WFOE as the pledgee, will be entitled to request immediate payment of the unpaid service fee and other amounts due to Jimu Parent's relevant PRC subsidiaries, and/or to dispose of the pledged equity. These equity pledge agreements will remain effective until the variable interest entities and their shareholders discharge all their obligations under the contractual arrangements.

Exclusive option agreements —The nominee shareholders of the VIEs have granted Jimu WFOE the exclusive and irrevocable option to purchase from the nominee shareholders, to the extent permitted under PRC laws and regulations, part or all of their equity interests in these entities for a purchase price equal to the actual capital contribution paid in the registered capital of the VIEs by the nominee shareholders for their equity interests. Jimu WFOE may exercise such option at any time. In addition, the VIEs and their nominee shareholders have agreed that without prior written consent of Jimu WFOE, they shall not sell, transfer, mortgage or dispose of any assets or equity interests of the VIEs or declare any dividend. These agreements will remain effective for ten years and can be extended at the sole discretion of Jimu Parent.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

(2) VIE arrangement after the Reorganization

In connection with the Reorganization, contractual arrangements consistent with those in place prior to the reorganization have been entered into among the Company's wholly owned subsidiaries (i.e. Sky City WFOE and Pintec Beijing WFOE), Tianjin Anquying, Beijing Hongdian, Beijing Xuanji, Beijing Jinke and the respective nominee shareholders of these VIEs. Shanghai Anquying, Tianjin Anquyun, Ganzhou Anquying, Shenzhen Minheng, Ganzhou Aixin Micro Finance, and Pintec Yunke are wholly owned by Tianjin Anquying, and Myfin Insurance, as well as Shenzhen Xiaogang, is controlled by Beijing Jinke, thus, no separate contractual arrangement will be entered into with these subsidiaries of the VIEs.

In January 2019, the Group obtained control of Xinshundingye through VIE contracts with Xinshundingye and its three nominee shareholders.

The Group has determined that it is the primary beneficiary of these VIEs through the contractual arrangements. Accordingly, the Company consolidated these VIEs' results of operations, assets and liabilities before and after the Reorganization in the Group's consolidated financial statements pursuant to the accounting principles generally accepted in the United States ("U.S. GAAP").

(d) Risks in relation to the VIE structure

A significant part of the Group's business is conducted through the VIEs of the Group, of which the Company is the ultimate primary beneficiary. In the opinion of management, the contractual arrangements with the VIEs and the nominee shareholders are in compliance with PRC laws and regulations and are legally binding and enforceable. The nominee shareholders are also shareholders of the Group and have indicated they will not act contrary to the contractual arrangements. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including those that govern the contractual arrangements, which could limit the Group's ability to enforce these contractual arrangements and if the nominee shareholders of the VIE were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual arrangements.

The Company's ability to control the VIEs also depends on the powers of attorney that the founders have to vote on all matters requiring shareholder approval in the VIEs. As noted above, the Company believes these powers of attorney are legally enforceable but may not be as effective as direct equity ownership.

In the opinion of the Company's management, the contractual arrangements among its subsidiaries, the VIEs and their respective nominee shareholders are in compliance with current PRC laws and are legally binding and enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company's ability to enforce these contractual arrangements. As a result, the Company may be unable to consolidate the VIEs and VIEs' subsidiaries in the consolidated financial statements.

Table of Contents

1. Organization and principal activities (Continued)

The Foreign Investment Law, which came into effect on January 1, 2020, does not touch upon the relevant concepts and regulatory regimes that were historically suggested for the regulation of VIE structures, and thus this regulatory topic remains unclear under the Foreign Investment Law. Given that the Foreign Investment Law is new, substantial uncertainties exist with respect to its implementation and interpretation and the possibility that the VIEs will be deemed as foreign-invested enterprise and subject to relevant restrictions in the future shall not be excluded.

The Company's ability to control the VIEs also depends on the power of attorney the Group's relevant PRC subsidiaries have to vote on all matters requiring shareholders' approvals in the VIEs. As noted above, the Company believes these power of attorney are legally binding and enforceable but may not be as effective as direct equity ownership. In addition, if the Group's corporate structure or the contractual arrangements with the VIEs were found to be in violation of any existing PRC laws and regulations, the PRC regulatory authorities could, within their respective jurisdictions:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict its operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure the operations, re-apply for the necessary licenses or relocate the Group's businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these restrictions or actions could result in a material adverse effect on the Group's ability to conduct its business. In such case, the Group may not be able to operate or control the VIEs, which may result in deconsolidation of the VIEs in the Group's consolidated financial statements. In the opinion of management, the likelihood for the Group to lose such ability is remote based on current facts and circumstances. The Group believes that the contractual arrangements among each of the VIEs, their respective shareholders and relevant wholly foreign-owned enterprise are in compliance with PRC law and are legally enforceable. The Group's operations depend on the VIEs to honor their contractual arrangements with the Group. These contractual arrangements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in the PRC. Management believes that each of the contractual arrangements constitutes valid and legally binding obligations of each party to such contractual arrangements under PRC laws. However, the interpretation and implementation of the laws and regulations in the PRC and their application on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIEs or the nominee shareholders of the VIEs fail to perform their obligations under those arrangements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

1. Organization and principal activities (Continued)

The following consolidated financial information of the Group's VIEs as of December 31, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019 were included in the Group's consolidated financial statements as follows:

	As of December 31,	
	2018	2019
	RMB	RMB
Total assets	1,305,500	931,287
Total liabilities	1,240,292	1,135,535

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Total net revenues	762,609	1,601,037	1,272,943
Net income	58,745	322,605	(520,791)

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Net cash provided by operating activities	199,223	470,404	404,851
Net cash (used in)/provided by investing activities	(1,405,045)	859,941	(165,957)
Net cash provided by/(used in) financing activities	1,330,679	(961,263)	86,906

In accordance with the contractual arrangements, the relevant PRC subsidiaries have the power to direct activities of the Group's VIEs and VIEs' subsidiaries, and can transfer assets out of the Group's VIEs and VIEs' subsidiaries. No assets of the VIEs and VIEs' subsidiaries are collateral for the VIEs' obligations and all assets can only be used to settle the VIEs' obligations except for the consolidated assets-backed securitized debts arrangement and trust arrangements, and the equity interest in Ganzhou Aixin Micro Finance was pledged as security for Shanghai Anquying's obligations under the loan agreement with Mantu. Relevant PRC laws and regulations restrict the VIE from transferring a portion of its net assets, equivalent to the balance of its paid-in capital, capital reserve and statutory reserves, to the Group in the form of loans and advances or cash dividends. As the VIEs and VIEs' subsidiaries are incorporated as limited liability companies under the PRC Company Law, the creditors do not have recourse to the general credit of the Group for the liabilities of the VIEs and the VIEs' subsidiaries.

Currently there is no contractual arrangement that could require the relevant PRC subsidiaries or the Group to provide additional financial support to the Group's VIEs and VIEs' subsidiaries. As the Group is conducting certain businesses in the PRC through the VIEs and VIEs' subsidiaries, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by the Group in the preparation of the consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs for which the Company is the ultimate primary beneficiary, and the subsidiaries of the VIEs.

All significant intercompany transactions and balances between the Company, its wholly owned subsidiaries and the VIEs have been eliminated upon consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities at the balance sheet dates, and the reported revenues and expenses during the reporting periods and disclosed in the consolidated financial statements and accompanying notes.

Significant accounting estimates reflected in the Group's consolidated financial statements include revenue recognition, allocations of revenue to multiple elements under ASC 605 for the years ended December 31, 2017 and 2018, provision for doubtful accounts and credit losses, impairment loss, valuation and recognition of share-based compensation expenses, valuation allowance of deferred tax assets, fair value of assets and liabilities acquired in business combinations, fair value of convertible loans and impairment of long-lived assets including goodwill, the fair value of financial guarantee liabilities under ASC 460, the useful lives of property, equipment and software and intangible assets, and fair value of the debt instrument without the warrants and the warrants themselves.

(d) Business combination

Business combinations are recorded using the acquisition method of accounting. The assets acquired, the liabilities assumed, and any non-controlling interests of the acquiree at the acquisition date, if any, are measured at their fair values as of the acquisition date. Goodwill is recognized and measured as the excess of the total consideration transferred plus the fair value of any non-controlling interest of the acquiree and fair value of previously held equity interest in the acquiree, if any, at the acquisition date over the fair values of the identifiable net assets acquired. Common forms of the consideration made in acquisitions include cash and common equity instruments. Consideration transferred in a business acquisition is measured at the fair value as of the date of acquisition. Acquisition-related expenses and restructuring costs are expensed as incurred.

2. Summary of significant accounting policies (Continued)

Where the consideration in an acquisition includes contingent consideration the payment of which depends on the achievement of certain specified conditions post-acquisition, the contingent consideration is recognized and measured at its fair value at the acquisition date and is recorded as a liability, it is subsequently remeasured at fair value at each reporting date with changes in fair value reflected in earnings.

(e) Foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Company and the Group's subsidiary incorporated in Hong Kong and BVI is United States dollars ("US$"). The functional currency of the Group's subsidiary incorporated in Australia is Australia dollars ("AUD"). The functional currency of the Group's subsidiary incorporated in Singapore is Singapore dollars ("SGD"). The functional currency of The Group's PRC subsidiaries, VIEs and VIEs' subsidiaries determined their functional currency to be RMB.

Transactions denominated in foreign currencies other than functional currency are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies other than functional currency are remeasured into the functional currency at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from foreign currency transactions are recorded in the consolidated statements of operations and comprehensive (loss)/income.

The financial statements of the Group's non PRC entities are translated from their respective functional currency into RMB. Assets and liabilities are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the average exchange rates for the relevant period.

The resulting foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income in the consolidated statements of changes in (invested deficit)/shareholders' equity and a component of other comprehensive income in the consolidated statement of operations and comprehensive (loss)/income.

(f) Convenience translation

Translations of the consolidated balance sheets, the consolidated statement of operations and comprehensive (loss)/income and the consolidated statement of cash flows from RMB into US$ as of and for the year ended December 31, 2019 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB6.9618, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2019. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2019, or at any other rate.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, time deposits, and funds held in deposit accounts with banks, which are highly liquid and have original maturities of three months or less and are unrestricted as to withdrawal or use.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(h) Restricted cash

Cash that are restricted as to withdrawal for use or pledged as security is reported separately as restricted cash, and that are restricted as to withdrawal or use for other than current operations is classified as non-current. The restricted cash primarily represent: (i) time deposits securing the Group's borrowings from financial institutions. The borrowings are designated to support the Group's general operation and could not be used to fund the Group's financing receivables. (ii) cash received via consolidated trusts that has not yet been distributed. (iii) dedicated funding demanded by the China Banking and Insurance Regulatory Commission for insurance business. (iv) restricted deposits requested by financial partner for business purpose.

(i) Fair value measurement

Accounting guidance defines fair value as 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.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 applies to assets or liabilities for which there are quoted prices, in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

(j) Financing receivables, net

The Group generates financing receivables by providing the following:

(1) point-of-sale installment services to users of third-party online travel websites and other e-commerce websites (the "Business Partners"). When a user, who qualifies for point-of-sale installment services makes an online purchase using a point-of-sale installment loan, the Group pays the sales price to the Business Partner and collects the sales price from the user with interest and fees.

2. Summary of significant accounting policies (Continued)

(i) Upon paying the sales price to the Business Partners, the Group promptly obtains financing for the sales price by factoring the receivable due from the user. The Group does not derecognize the receivable from users upon factoring and accounts for the transaction as secured borrowings according to ASC 860-10, because the Group has control over the receivables during the factoring period.

(ii) The Group periodically obtain financing from third-party investors by securitizes its financing receivables due from users of the Business Partners in the forms of asset backed security arrangements (the “ABSs”). The ABSs vehicles are considered as variable interest entities under ASC 810 as the Group has power to direct the activities that most significantly impact economic performance of the ABSs. Accordingly, the financing receivables due from the users of the Business Partners and the loan payables to the third party investors of asset-backed securitized debts are recorded on the Group’s consolidated balance sheets as financing receivables and funding debts, respectively.

(2) personal and business installment loans to borrowers which are financed via securitization vehicles in the form of trust arrangements (the “Trusts”), where the Group’s funding source include the proceeds from third-party investors of the Trusts.

The Trusts are considered as variable interest entities under ASC 810. As the Group has power to direct the activities that most significantly impact economic performance of the Trusts, and the Group is obligated to repurchase any loans that are delinquent for more than certain days, accordingly, the Group is considered as the primary beneficiary of the Trusts and has consolidated the Trusts’ assets, liabilities, results of operations, and cash flows in the Group’s consolidated financial statements.

The financing receivables due from the borrowers of the personal and business installment loans and the loans payable to the third party investors of the trust units are measured at amortized cost and recorded on the Group’s consolidated balance sheets as financing receivables and funding debts, respectively.

(3) Accrued interest income on financing receivables

Accrued interest income on financing receivables is calculated based on the contractual interest rate of the loan and recorded as installment service fees as earned. Financing receivables are placed on non-accrual status upon reaching 90 days past due. When a financing receivable is placed on non-accrual status, the Group stops accruing interest as of such date. The Group does not resume accrual of interest after a loan has been placed on non-accrual basis.

The Company charges off the accrued interest receivable against the related allowance when management determines that full repayment of a loan is not probable. Generally, charge-off occurs after the 90th day of delinquency. All accrued but unpaid interest as of such date is charged off against the provision for credit loss. The primary factor in making such determination is the assessment of potential recoverable amounts from the delinquent debtor.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(4) Nonaccrual financing receivables and charged-off financing receivables

The Group considers a financing receivable to be delinquent when a monthly payment is one day past due. When the Group determines it is probable that full repayment of a loan is not probable, the remaining unpaid principal balance is charged off against the allowance for credit losses. Generally, charge-offs occur after 90 day of delinquency. Installment service fees for nonaccrual financing receivables is recognized upon the collection of cash.

(k) Accounts receivable, net

Accounts receivables are stated at the historical carrying amount net of the allowance for doubtful accounts. The Group reviews the accounts receivable on a periodic basis and makes allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual accounts receivable balances, the Group considers several factors, including the age of the balance, the customers' payment history and their current credit worthiness, and current economic trends. Accounts receivable balances are charged off after 90 day of delinquency.

(l) Long-term investments

Long-term investments represent the Group's investments in privately held companies.

The Group applies the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interest or otherwise control. Under the equity method, the Group initially records its investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate, which is included in the equity method investment on the consolidated balance sheets. The Group subsequently adjusts the carrying amount of the investment to recognize the Group's proportionate share of each equity investee's net income or loss into consolidated statements of operations and comprehensive (loss)/income after the date of acquisition.

Beginning on January 1, 2018, the Group's equity investments without readily determinable fair values, which do not qualify for the existing practical expedient in ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"), to estimate fair value using the net asset value per share (or its equivalent) of the investment ("NAV practical expedient"), and over which the Group does not have the ability to exercise significant influence through the investments in common stock or in substance common stock, are accounted for under the measurement alternative upon the adoption of ASU 2016-01 (the "Measurement Alternative"). Under the Measurement Alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. All gains and losses on these investments, realized and unrealized, are recognized in the consolidated statements of operations and comprehensive (loss)/income. The Group makes assessment of whether an investment is impaired based on performance and financial position of the investee as well as other evidence of market value at each reporting date. Such assessment includes, but is not limited to, reviewing the investee's cash position, recent financing, as well as the financial and business performance. The Group recognizes an impairment loss equal to the difference between the carrying value and fair value in the consolidated statements of operations and comprehensive (loss)/income if any. Prior to January 1, 2018, the cost method of accounting was used.

Table of Contents

2. Summary of significant accounting policies (Continued)

(m) Property, equipment and software, net

Property, equipment and software are recorded at cost, less accumulated depreciation and impairment. Depreciation of property and equipment and amortization of software is calculated on a straight-line basis, after consideration of expected useful lives and estimated residual values. The Group has not recorded any impairments of property, equipment or software for the periods presented. The estimated useful lives of these assets are generally as follows:

Category	Estimated useful life
Office furniture and equipment	3 - 5 years
Computer and electronic equipment	3 - 5 years
Software	5 years
Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets

Repairs and maintenance costs are charged to expenses as incurred, whereas the costs of renewals and betterment that extend the useful lives of property, equipment and software are capitalized as additions to the related assets. Gains and losses from the disposal of property, equipment and software are the differences between the net sales proceeds and the carrying amounts of the relevant assets and are recognized in the consolidated statements of operations and comprehensive (loss)/income.

(n) Intangible assets, net

The Group performs valuation of the intangible assets arising from business combination to determine the relative fair value to be assigned to each asset acquired. The acquired intangible assets are recognized and measured at fair value and are amortized using the straight-line approach over the estimated economic useful lives of the assets as follows:

Category	Estimated useful life
License	17 years
Software copyright	2 years
Customer database	5.5 years
Customer relationship	10 years
Trademark	5.5 years

(o) Goodwill

Goodwill represents the excess of the purchase price over fair value of the identifiable assets and liabilities acquired in a business combination.

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. In accordance with the FASB guidance on ‘‘Testing of Goodwill for Impairment,’’ the Company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test.

2. Summary of significant accounting policies (Continued)

If the Company determines, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. A goodwill impairment charge will be recorded for the amount by which a reporting unit's carrying value exceeds its fair value, but not to exceed the carrying amount of goodwill. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units and determining the fair value of 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. There were no impairment of goodwill for the years ended December 31, 2017, 2018 and 2019.

(p) Impairment of long-lived assets

The Group evaluates its long-lived assets with finite lives for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group evaluates the impairment by comparing carrying amount of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the long-lived assets over their fair value. There were no impairment of long-lived assets for the years ended December 31, 2017, 2018 and 2019.

(q) Funding debts

The proceeds received from individual investors, other financial partners, investors of the asset-backed securitized debts or the consolidated trusts and a shareholder of the Company to fund the Group's on-balance sheet financing receivables, are recorded as funding debts on the consolidated balance sheets. Accrued interest payable is calculated based on the contractual interest rates of the funding debts and recorded in funding debts.

(r) Financial guarantee

(1) Financial guarantee liabilities

For the off-balance sheet loans funded by certain financial partners, the Group is obligated to compensate the financial partners for the principal and interest of the defaulted loans in the event of borrowers' default. In general, any unpaid principal and interest are paid by the Group when the borrower does not repay as scheduled.

(i) The Group provides guarantee to individual investors for loans that the Group has referred and funded through Jimu Group. (ii) The Group is obligated to compensate certain institutional financial partners for defaults on principal and interest repayments. The Group recognizes a stand ready obligation for its guarantee exposure in accordance with ASC 460.

2. Summary of significant accounting policies (Continued)

At the inception of each loan subject to the guarantee provided, the Group recognizes the guarantee liability at fair value in accordance with ASC 460-10, which incorporates the expectation of potential future payments under the guarantee and takes into both non-contingent and contingent aspects of the guarantee. The liability recorded based on ASC 460 is determined on a loan by loan basis. As the risk of the guarantee liability is reduced, it is recognized into the consolidated statements of operation and comprehensive (loss)/income by a systematic and rational amortization method over the term of the loan, within the "Technical service fees" line item.

For the years ended December 31, 2017, 2018 and 2019, revenues recognized related to releasing of guarantee liabilities were nil, RMB21,397 and RMB407,403, respectively.

The ASC 450 component is a contingent liability determined based on probable loss considering the actual historical performance and current conditions, representing the obligation to make future payouts under the guarantee liability in excess of the stand-ready liability. The ASC 450 contingent component is determined on a collective basis and loans with similar risk characteristics are pooled into cohorts for purposes of measuring incurred losses. At all times the recognized liability (including the stand ready liability and contingent liability) is at least equal to the probable estimated losses of the guarantee portfolio. The ASC 450 contingent component, including the net payouts by the Group when borrower defaults, is recognized as cost on guarantee, in the consolidated statement of operations and comprehensive (loss)/income.

As of December 31, 2018 and 2019, the maximum potential future payment the Group could be required to make would be RMB614,465 and RMB978,967, respectively.

(2) Financial guarantee assets

Financial guarantee assets is recognized at loan inception which is equal to the stand-ready liability recorded at fair value in accordance with ASC 460 and considers what premium would be required by the Group to issue the same guarantee service in a standalone arm's-length transaction. Financial guarantee assets are reduced upon the receipt of the service fee payment from the borrowers.

The allowance of financial guarantee assets is assessed collectively depending on factors such as delinquency rate, and other risk characteristics of the portfolio. The allowance of nil, nil and RMB12,527 were recorded in the consolidated statements of operations and comprehensive (loss)/income during the years ended December 31, 2017, 2018 and 2019, respectively.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(s) Revenue recognition

The Group is principally engaged in providing lending solutions through its online technology platform. The Group earns its revenues by providing the following: (i) A lending solution which assists borrowers to obtain loans from third party investors and certain financial partners. The Group provides lending solution but does not provide loan by itself. For these services, the Group earns technical service fees. (ii) A lending solution for borrowers who want to finance their on-line purchases from third parties ("Business Partners") or who have personal or business installment loan requests. The Group provides financing for these borrowers and earns installment service fees (including interests). (iii) A wealth management and insurance product distribution solution for asset management and insurance companies respectively to facilitate the sale of their products. The Group earns wealth management service fees, a commission on financial products distributed through the Group's platform that were sold by these asset management and insurance companies to their customers. The Group is not a party to the financial products sold.

Installment service fee

Installment service fee revenue is recognized over the terms of financing receivables using the effective interest rate method under ASC 310. Installment service fee revenue is not recorded when reasonable doubt exists as to the full, timely collection of installment service fee or principal. The Group also receives miscellaneous fees, such as penalty fees for late payments. The fees, which are contingent fees, are recognized when the event occurs and the payment is made by the customer as that is the point in time collectability is reasonably assured.

Adoption of ASC topic 605 ("ASC 605"), Revenue Recognition in years ended December 31, 2017 and 2018

Revenue is recognized when all of the following conditions are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. These criteria as they relate to each of the following major revenue generating activities are described below. Revenue is presented net of business tax and value added taxes ("VAT") at rates ranging between 3% and 6%, and surcharges. VAT and business tax collected from customers, net of VAT paid for purchases, is recorded as a liability in the consolidated balance sheets until it is paid to the tax authorities.

Technical service fees

The Group has determined that the arrangement to provide technical services to borrowers or institutional financial partners contains the following multiple elements: online credit assessment and referral services, post-lending management services and financial guarantee services. In accordance with ASC 605-25-30-4, the Group first allocates the consideration to the guarantee equaling to the fair value of the guarantee (see Note 2(r)). Then the remaining consideration is allocated to online credit assessment and referral services, and post-lending management services. The Group has determined that the borrowers or institutional financial partners are its customers. The Group allocates the technical service fees among the deliverables at the inception of the arrangement on the basis of their relative selling prices which is determined based on management's best estimate as neither vendor-specific objective evidence nor third-party evidence of selling price is available according to the selling price hierarchy established by ASC 605-25-30.

2. Summary of significant accounting policies (Continued)

The Group charges the technical service fees from the borrowers upon the successful matching of the loans financed by investors of Jimu Group or other financial partners. If the services fee is not received entirely upfront, the selling price allocated to the delivered credit assessment and referral services is limited to that amount that is not contingent upon the delivery of additional units or meeting other specified performance conditions in accordance with ASC 605-25. The remaining credit assessment and referral service fee is recorded when the contingency is resolved and cash is received. The sell price allocated to post-lending management services, is recognized as revenue each month when the service is provided over the period of the loan as the monthly repayments occur.

The Group is the primary obligor for the lending solutions provided to the borrowers, as it has the ability to establish the price, and control the related content of service provided. Technical service fee is recognized on a gross basis and the portion of service fee charged by and paid to Jimu Group based on relative fair values of services is recognized as cost of revenues in the consolidated statements of operations and comprehensive (loss)/income.

Early repayment fees charged by the Group are recognized when the early repayment occurs and the payments of the fees are made by the borrowers.

The Group also charges fees for collection services related to defaulted payments. These fees are recognized when the contingent events occur and the payments of the fee are made by the borrowers as collectability is reasonably assured.

Wealth management service fee and others

The wealth management service fee and others primarily consists of commission fees charged to third-party asset management companies and insurance companies for their use of the Group's online wealth management platform and online insurance platform. Such commissions are generally determined as a percentage based on the fees charged to customers by the asset management companies and insurance companies, through the online wealth management platform and online insurance platform. Transaction service commissions are recognized on a net basis when the services are rendered, which occurs when the underlying transaction is executed. The Group is not the primary obligor, as it does not have the ability to establish the price or control the related content of the wealth management or insurance products offered on the online wealth management platform and online insurance platform.

Adoption of ASU 2014-09, "Revenue from contracts with Customers (Topic 606)" in year ended December 31, 2019

The Group adopted ASC Topic 606 ("ASC 606"), Revenue from Contracts with Customers and all subsequent ASUs that modified Topic 606 on January 1, 2019, using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019. Accordingly, revenues from technical services fee and wealth management service fees and others for the year ended December 31, 2019 were presented under ASC 606.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

Technical service fees

Under ASC 606, the Group considers the online credit assessment and referral service and post-lending management service, collectively and guarantee service as two separate services, of which, the guarantee service is accounted for in accordance with ASC 460, *Guarantees, at fair value*. Revenue from the guarantee services is recognized once the Company is released from the underlying risk (see Note2(r)).

The Group identifies one performance obligation under ASC 606, as the Group provides lending solution to the borrower during the loan period, the promised services in the arrangement are not distinct.

The Group determines the transaction price of technical service to be the service fees chargeable from the borrowers or institutional financial partners, net of value-added tax and excluding the transaction price allocated to guarantee liabilities.

Revenues from technical services are recognized over time since the customers simultaneously receive and consume benefit provided by the Group's technical service as the Group performs. For technical service fees charged to borrowers, the Group recognizes revenue during the service period. For technical service fees charged to other financial partners, the Group applies the invoice practical expedient and recognizes revenue in the amount to which the Group has a right to invoice.

Wealth management service fee and others

For wealth management service fee and others, the performance obligation is to distribute the wealth management or insurance products on the Group's platforms for the third-party asset management companies and insurance companies. The Group recognizes commissions on a net basis as the Group is not the primary obligor, as it does not have the ability to establish the price nor does it bear the credit risk. The revenue is recognized at a point in time when the performance obligation is satisfied, which occurs when the underlying transaction is executed.

Disclosure related to modified retrospective adoption of ASC 606

The Group recorded an increase to opening accumulated deficit of RMB54,127 as of January 1, 2019 due to the cumulative impact of adopting ASC 606.

The impacts of the adoption of ASC 606 in the year ended December 31, 2019 on consolidated statement of operations and comprehensive (loss)/income are shown below.

Items	As Reported RMB	Impacts of ASC 606 Adoption RMB	Amount without ASC 606 Adoption RMB
Total revenues	1,285,236	53,063	1,232,173
Income tax (expenses)/ benefit	(1,968)	(13,266)	11,298
Net loss	(906,490)	39,797	(946,287)

2. Summary of significant accounting policies (Continued)

The impacts of the adoption of ASC 606 as of December 31, 2019, including the cumulative effects of the change, on consolidated balance sheets are shown below.

Items	As Reported RMB	Impacts of ASC 606 Adoption RMB	Balances without ASC 606 Adoption RMB
Assets:			
Deferred tax assets	64,675	4,775	59,900
Liabilities:			
Accrued expenses and other liabilities	157,945	19,105	138,840
Equity:			
Accumulated deficit	(1,860,640)	(14,330)	(1,846,310)

The adoption of ASC 606 had no transition impact on cash provided by or used in operating, financing or investing activities reported in the Group's consolidated statement of cash flows.

Contract balances

Contract assets represent the Group's right to consideration in exchange for loan service that the Group has transferred to the customer before payment is due. The Group has no contract asset as of December 31, 2019.

Contract liability consists of technical service fees received from borrowers before the Group has a right to invoice, and is recorded as "Deferred service fee" included in "Accrued expenses and other liabilities" on the consolidated balance sheets. For monthly consulting fee which is received monthly from customers and upfront fee which is received upon the successful matching of the loans, contract liability is recognized as revenue when service is provided. The amount of revenue recognized during the year ended December 31, 2019 that was previously included in the contract liabilities balance as of December 31, 2018 was RMB119,684.

(t) Funding cost

Funding cost mainly consists of interest expense the Group pays in relation to the funding debts to fund its financing receivables and certain fees incurred in obtaining these funding debts, such as origination and management fees and legal fees.

(u) Provision for credit loss

The Group assesses the creditworthiness and collectability of the portfolios of respective financial assets, mainly based on delinquency levels and historical charge offs of respective underlying on- and off-balance sheet loans, where applicable, using an established systematic process on a pooled basis within each credit risk levels of the borrowers. Each portfolio of respective financial asset subject to credit losses within each credit risk level consists of individually small amount of on- and off-balance sheet loans. In the consideration of above factors, the Group determines that each portfolio of respective financial asset subject to credit losses within each credit risk level is homogenous with similar credit characteristics.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

The Group's provision for credit losses of financial assets is calculated separately within each credit risk level of the borrowers. For each credit risk level, the Group estimates the expected loss rate based on delinquency status of the respective financial assets within that level: current, 1 to 30, 31 to 60, 60 to 90, 91 days or greater past due. These loss rates in each delinquency status are based on average historical loss rates of financial assets subject to credit losses associated with each of the abovementioned delinquency categories. The expected loss rate of the specific delinquency status category within each risk level will be applied to the applicable outstanding balances of respective financial assets within that level to determine the provision for credit losses for each reporting period. In addition, the Group considers other general economic conditions, if any, when determining the provision for credit losses.

(v) Origination and servicing cost

Origination and servicing cost mainly consists of costs that are paid for data used in credit assessments, users acquisition costs relating to revenue from lending solutions, salaries and benefits (including share-based compensation expenses) of employees engaged in providing collection services, bandwidth and data center costs, customer service support costs and fees paid to third-party payment channels.

(w) Research and development expenses

Research and development expenses consist primarily of salaries and benefits (including share-based compensation expenses) of employees and related expenses for IT professionals involved in developing technology platforms and websites, server and other equipment depreciation, bandwidth and data center costs, and rental fees. All research and development costs have been expensed as incurred as the costs qualifying for capitalization have been insignificant.

(x) Share-based compensation expenses

All share based awards granted to employees, including restricted ordinary shares and share options, are measured at fair value on grant date. Share based compensation expense is recognized using the straight line method or graded vesting method, net of estimated forfeitures, over the requisite service period, which is the vesting period.

Prior to the Reorganization, all the options and restricted ordinary shares were granted by Jimu Parent with its own underlying shares. The Binomial option pricing model is used to estimate fair value of the share options and restricted ordinary shares. The determination of estimated fair value of share based payment awards on the grant date using an option pricing model is affected by the fair value of Jimu Parent's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected value volatility of Jimu Parent's shares over the expected term of the awards, actual and projected employee share option exercise behaviors, a risk free interest rate and any expected dividends. Shares of Jimu Parent, which do not have quoted market prices, were valued based on the income approach. Determination of estimated fair value of Jimu

Parent's shares requires complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information on companies in China similar to Jimu Parent.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Group uses historical data to estimate pre-vesting option and records share based compensation expenses only for those awards that are expected to vest.

In connection with the Reorganization and as a result of the anti-dilution provision in the option plan and agreement regarding the options issued by Jimu Parent, all the options to purchase the underlying Pintec ordinary shares were issued by the Company as of March 27, 2018. In accordance with ASC 718, exchanges of share options or other equity instruments or changes to their terms in conjunction with an equity restructuring (i.e. the Reorganization) are modifications of the share options and that the accounting for a modification in conjunction with an equity restructuring requires a comparison of the fair value of the modified awards with the fair value of the original award immediately before the modification in accordance with ASC 718. With respect to the Pintec options and Jimu Parent options held by the employees of the Group, the Group determined to recognize share based compensation expense in its consolidated financial statements the remaining unrecognized compensation cost pertaining to the unvested options of Jimu Parent which are retained by the employees of the Company, in addition to the cost pertaining to the unvested options issued by the Company to its employees in connection with the equity restructuring. Incremental fair value, if any, for unvested awards would be recognized prospectively in the consolidated financial statements of the Company.

After the completion of Reorganization, all the options and restricted ordinary shares were granted by the Company with its own underlying shares. For share options for the purchase of ordinary shares granted to employees determined to be equity classified awards, the related share-based compensation expenses are recognized in the consolidated financial statements based on their grant date fair values that are calculated using the binomial option pricing model. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends.

For share options granted with service condition and the occurrence of an IPO as performance condition, share-based compensation expenses are recorded net of estimated forfeitures using graded-vesting method during the requisite service period. Cumulative share-based compensation expenses for the options that have satisfied the service condition, amounting to RMB94.8 million, were recorded upon the completion of the IPO.

(y) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental expense is recognized from the date of initial possession of the leased property on a straight-line basis over the term of the lease. Certain lease agreements contain rent holidays, which are recognized on a straight-line basis over the lease term. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease terms.

2. Summary of significant accounting policies (Continued)

(z) Taxation

Income taxes

Current income taxes are provided on the basis of net (loss)/income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statement of operations and comprehensive (loss)/income in the period of the enactment of the change.

The Group considers positive and negative evidence when determining whether a portion or all of its deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, its experience with tax attributes expiring unused, and its tax planning strategies. The ultimate realization of deferred tax assets is dependent upon its ability to generate sufficient future taxable income within the carry-forward periods provided for in the tax law and during the periods in which the temporary differences become deductible. When assessing the realization of deferred tax assets, the Group has considered possible sources of taxable income including (i) future reversals of existing taxable temporary differences, (ii) future taxable income exclusive of reversing temporary differences and carry-forwards, (iii) future taxable income arising from implementing tax planning strategies, and (iv) specific known trend of profits expected to be reflected within the industry. The Group records a valuation allowance to reduce the amount of deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

Uncertain tax positions

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% likelihood of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under income tax expenses in its consolidated statements of operations and comprehensive (loss)/income.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

Value added Tax (“VAT”)

The Group is subject to VAT at the rate of 6% depending on whether the entity is a general tax payer, and related surcharges on revenue generated from providing services. Entities that are VAT general taxpayers are allowed to offset qualified input VAT, paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in the line item of tax payable on the face of balance sheet. The Group records revenue net of value added tax and related surcharges.

(aa) Segment reporting

The Group’s chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reporting. The Group’s long-lived assets are substantially all located in the PRC and substantially all of the Group’s revenues are derived from within the PRC. Therefore, no geographical segments are presented.

(bb) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

(cc) Loss per share

Loss per share is computed in accordance with ASC 260. The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company’s Pre-IPO Preferred Shares are participating securities because they are entitled to receive dividends or distributions on an as-converted basis. Prior to the IPO, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and net loss is not allocated to other participating securities because in accordance with their contractual terms they are not obligated to share in the losses.

Basic loss per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period. Potential ordinary shares include ordinary shares issuable upon the conversion of the Pre-IPO Preferred Shares, using the if-converted method, for periods prior to the completion of the IPO, and ordinary shares issuable upon the exercise of outstanding share options and warrant using the treasury stock method. The computation of diluted net loss per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net loss per share. After the completion of the IPO, net loss per ordinary share is computed on Class A Ordinary Shares and Class B Ordinary Shares on the combined basis, because both classes have the same dividend rights in the Company’s undistributed net income.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(dd) Statutory reserves

In accordance with China's Company Laws and Foreign Investment Enterprises , the Company's subsidiaries, VIEs and VIEs' subsidiaries in the PRC must make appropriations from their after-tax profit (as determined under the accounting principles generally acceptable in the People's Republic of China ("PRC GAAP")) to non-distributable reserve funds. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

The use of the statutory surplus fund and discretionary surplus fund are restricted to offsetting of losses or increasing of the registered capital of the respective company. None of these reserves are allowed to be transferred to the Company in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

For the years ended December 31, 2017, 2018 and 2019, profit appropriation to general reserve fund and statutory surplus fund for the Group's entities incorporated in the PRC was approximately nil, RMB1,739 and RMB27,920 respectively. No appropriation to other reserve funds was made for any of the periods presented.

(ee) Comprehensive (loss) income

Comprehensive (loss) income is defined to include all changes in (invested deficit)/shareholders' equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Accumulated other comprehensive income, as presented on the consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

(ff) Recently issued accounting standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases, which specifies the accounting for leases. For operating leases, ASU 2016-02 requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. In addition, this standard requires both lessees and lessors to disclose certain key information about lease transactions. The effective date was for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, for public business entities that meet the definition of an SEC filer and eligible to be Smaller Reporting Companies, or SRC, as defined by the SEC and all non-public business entities. As an "emerging growth company," or EGC, the Group has elected to take advantage of the extended transition period provided in the Securities Act Section 7(a)(2)(B) for complying with new or revised accounting standards applicable to private companies. The Group will adopt ASU 2016-02 and its related amendments effective January 1, 2021, and the Group is in the process of evaluating the impact of adopting this standard on its consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of the Company's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. The effective date was for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, for public business entities that meet the definition of an SEC filer and eligible to be Smaller Reporting Companies, or SRC, as defined by the SEC and all non-public business entities. As an EGC, the Group has elected to take advantage of the extended transition period, and will adopt ASU 2016-13 and its related amendments effective January 1, 2023. The Group is in the process of evaluating the impact of adopting this standard on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. Under the guidance, public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The guidance is effective for all entities for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, but entities are permitted to early adopt either the entire standard or only the provisions that eliminate or modify the requirements. The Group is currently in the process of evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The amendments in this ASU are intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments are also intended to improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Group is currently in the process of evaluating the impact of this ASU on the Company's consolidated financial statements.

3. Concentration and risks

Concentration of Business Partners

The Group generates the majority of revenues through a limited number of Business Partners. For the years ended December 31, 2017, 2018 and 2019, the Group generated the 54.0%, 36.1% and 43.6% of its total revenues through cooperation with five Business Partners, among which 34.0%, 14.4% and 17.2% of total revenues were generated through cooperation with Qunar, which is a large mobile and online travel platform in China. The partnerships with these Business Partners are not on an exclusive basis, and the contract durations are short. If these Business Partners change their policies, terminate their partnership or do not renew their cooperation agreements with the Group, the business and result of operations of the Group may be materially and adversely affected.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

3. Concentration and risks (Continued)

Concentration of Financial Partners

The Group have historically relied on Jimu Group for most of the funding. Jimu Box, Jimu Group's online peer-to-peer lending platform, which was considered as one of the Group's related parties, was the funding source for 63% of the outstanding loans as of December 31, 2018, and 24% of the outstanding loans as of December 31, 2019. Funding from Jimu Box decreased significantly in 2019. In the fourth quarter of 2019, Jimu Box's funding accounted for less than 5% of the total loans that the Group facilitated. In February 2020, Jimu Box announced its exit from the online lending platform business and its plans to transition into a micro finance company, starting from when it ceases providing funding to the Group until its successful transition. As a result, the Group expects that loans funded by Jimu Box will be minimal in 2020.

Credit risks

The Group's credit risk primarily arises from financing receivables derived from the point-of-sale installment loans and personal installment loans. The Group records provision for credit losses based on its estimated probable losses against its financing receivables. Apart from the financing receivables, financial instruments that potentially expose the Group to significant concentration of credit risk primarily included in the financial statement line items of cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, financial guarantee assets, and amounts due from related parties. The Group holds its cash and cash equivalents, restricted cash at reputable financial institutions in the PRC and at international financial institutions with high ratings from internationally recognized rating agencies. Financing receivables, accounts receivable and financial guarantee assets are typically unsecured and are derived from revenues earned from customers in the PRC. Receivables due from customers are typically unsecured in the PRC and the credit risk with respect to which is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances.

Foreign currency exchange rate risk

The Group's operating transactions are mainly denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only through authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in China must be processed through PBOC or other China foreign exchange regulatory bodies which require certain supporting documents in order to effect the remittances.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

4. Acquisition

There was no business combination occurred during the years ended December 31, 2017 and 2018. In the year ended December 31, 2019, the Group acquired Ganzhou Aixin Micro Finance and Infrarisk.

(i) Acquisition of Ganzhou Aixin Micro Finance

On March 21, 2019, Shanghai Anquying acquired 100% equity interest of Ganzhou Aixin Micro Finance, for a cash consideration of RMB230,000 from Jimu Group. The consideration of RMB230,000 was used to reduce the amounts due from Jimu Group pursuant to an offsetting agreement executed in July 2019. The Group expects to carry out pilot financial services and enhance the Group's data collection capabilities through the acquisition of Ganzhou Aixin Micro Finance's license to operate small loan businesses (the "Microcredit license").

The Group engaged an independent valuation firm to assist management in valuing assets acquired, liabilities assumed and intangible assets identified as of the acquisition day.

The identifiable intangible assets acquired upon acquisition was the Microcredit license, which has an estimated useful life of approximately 17 years. All other current assets and current liabilities carrying value approximated fair value at the time of acquisition. The fair value of the intangible assets identified was determined by adopting the Multi-Period Excess Earning Method.

The allocation of the purchase price is as follows:

	Amount RMB
Cash and cash equivalents	42,591
Accounts and other receivable	12,915
Prepayment	563
Short-term financing receivables, net	148,249
Deferred assets	4,368
Fixed assets	534
Intangible asset - license	35,410
Goodwill*	5,212
Total assets	249,842
Advance from customers	(344)
Tax payable	(993)
Other payables	(9,652)
Deferred tax liabilities	(8,853)
Total	230,000
Total Consideration	230,000

* The goodwill is not deductible for tax purposes.

4. Acquisition (Continued)

The net revenue and net loss of Ganzhou Aixin Micro Finance since the acquisition date and that were included in the Company's consolidated statements of operations and comprehensive (loss)/income for the year ended December 31, 2019 are RMB21,846 and RMB1,323, respectively.

Prior to the acquisition, Ganzhou Aixin Micro Finance did not prepare its financial statements in accordance with US GAAP. The Group determined that the cost of reconstructing the financial statement of Ganzhou Aixin Micro Finance for the periods prior to the acquisition outweighed the benefits. Based on an assessment of the financial performance and a comparison of Ganzhou Aixin Micro Finance's and the Group's financial performance for the fiscal year prior to the acquisition, the Group did not consider Ganzhou Aixin Micro Finance on its own to be material to the Group. Thus the Group's management believes that the presentation of pro forma financial information with respect to the results of operations of the Group for the business combination is impractical.

(ii) Acquisition of Infrarisk

On April 18, 2019, Pintec acquired 100% equity interest of FT Synergy Pty Ltd. ("FT Synergy") for a purchase price of RMB16,191. FT Synergy owns a wholly owned subsidiary Infrarisk Pty Limited ("Infrarisk"), an Australia-based SaaS company providing systems to lenders for managing the credit risk origination process.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

4. Acquisition (Continued)

As of December 31, 2019, the Group elected to start with the quantitative impairment test for goodwill. The management determined that the income approach, specifically the Discounted Cash Flow ("DCF") method, is appropriate. The management used a growth rate ranging from -46.8% to 29.9%. Other key assumptions besides cash flow projections included discount rate of 21% and terminal growth rate of 3%. As a result of the above factors, fair value of the reporting unit was greater than its carrying amount, there were no impairment for goodwill for the year ended December 31, 2019.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

5. Financing receivables, net

The financing receivables, net, as of December 31, 2018 and 2019, consists of the following:

	As of December 31,	
	2018	2019
	RMB	RMB
Short-term:		
Short-term financing receivables	775,937	450,588
Allowance for credit losses	(22,768)	(20,201)
Short-term financing receivables, net	753,169	430,387
Long-term:		
Long-term financing receivables	19,297	19,443
Allowance for credit losses	(415)	(343)
Long-term financing receivables, net	18,882	19,100

The following table summarizes the balances of financing receivables by due date as of December 31, 2018 and 2019.

	As of December 31,	
	2018	2019
	RMB	RMB
Due in months:		
0 - 12	775,937	450,588
13 - 24	19,297	19,443
Total financing receivables	**795,234**	**470,031**

The movement of the allowance for credit losses for the years ended December 31, 2017, 2018 and 2019 consist of the following:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Balance at beginning of the year	12,261	70,460	23,183
Addition due to acquisition of Ganzhou Aixin Micro Finance	—	—	17,470
Additions	115,920	70,411	33,942
Charge-offs	(57,721)	(117,688)	(54,051)
Balance at end of the year	70,460	23,183	20,544

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

5. Financing receivables, net (Continued)

Aging analysis of past due financing receivables as of December 31, 2018 and 2019 are as below:

Financing receivables	1 - 30 Days Past Due	31 - 60 Days Past Due	61 - 90 Days Past Due	91 Days or Greater Past Due	Total Past Due	Current	Total
As of December 31, 2018	15,240	7,819	7,913	—	30,972	764,262	795,234
As of December 31, 2019	8,239	7,546	6,660	—	22,445	447,586	470,031

6. Accounts receivable, net

Accounts receivable, net, as of December 31, 2018 and 2019, consists of the following:

	As of December 31,	
	2018	2019
	RMB	RMB
Receivables for technical service fees from borrowers and financial partners	56,020	68,214
Receivables for marketplace service fees from asset management companies	1,234	1,057
Receivables for marketplace service fees from insurance companies and others	4,243	9,760
Total accounts receivable	61,497	79,031
Allowance for doubtful accounts	(13,845)	(4,780)
Accounts receivable, net	47,652	74,251

The movements in the allowance for doubtful accounts for the years ended December 31, 2017, 2018 and 2019 were as follows:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Balance at beginning of the year	490	5,428	13,845
Additions	16,480	108,156	23,182
Charge-offs	(11,542)	(99,739)	(32,247)
Balance at end of the year	5,428	13,845	4,780

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

7. Prepayments and other current assets, net

Prepayments and other current assets, net as of December 31, 2018 and 2019, consist of the following:

	As of December 31,	
	2018	2019
	RMB	RMB
Deposits to financial partners and other vendors	30,309	35,988
Prepaid expenses	19,872	32,735
Receivables from third-party online payment platforms and business partners	7,640	952
Prepaid input VAT	6,493	4,877
Advance to staff	1,684	694
Others	2,812	1,842
Short-term loan to third parties*	139,589	2,742
Total prepayments and other current assets	**208,399**	**79,830**
Bad debt provision	—	(1,500)
Total prepayments and other current assets, net	**208,399**	**78,330**

* On July 31, 2018, the Group entered into a loan agreement with Plutux Labs Limited ("Plutux Labs"), a digital assets and securities exchange platform in Asia. Pursuant to the loan agreement, the Group agreed to provide a loan of US$20,000 with an annual interest rate of 10.5% to Plutux Labs, requiring no collateral or pledge from Plutux Labs. The outstanding loan principal is repayable to the Company on the earlier of (i) one year upon receipt of the loan or (ii) any other date the borrower payoffs the loan to the Company. The Group collected the loan principal and interest from Plutux Labs in 2019.

8. Property, equipment and software, net

Property, equipment and software, net as of December 31, 2018 and 2019 consist of the following:

	As of December 31	
	2018	2019
	RMB	RMB
Computer and electronic equipment	11,250	14,546
Software	3,706	8,947
Office furniture and equipment	1,094	1,153
Leasehold improvement	—	1,473
Total	16,050	26,119
Less: Accumulated depreciation and amortization	(8,244)	(11,802)
Property, equipment and software, net	7,806	14,317

Depreciation and amortization expenses for the years ended December 31, 2017, 2018 and 2019 was RMB2,314, RMB2,912 and RMB3,906, respectively.

9. Prepayment for long-term investment

In December 2019, the Group entered into an agreement to obtain 40% equity interest of Shenzhen Xinyuhao Technology Co., Ltd. ("Shenzhen Xinyuhao"), with a consideration of RMB200 and a follow up capital injection of RMB199,800. The Group has effectively obtained the control of Shenzhen Xinyuhao on March 31, 2020 as the counter party to the agreement failed to fulfil its promise to make capital contribution in exchange of 60% of the equity interest of Shenzhen Xinyuhao.

In December 2019, Shenzhen Xinyuhao prepaid the RMB200,000 to purchase financing receivables from a third party, and Jimu Group provided an unconditional commitment to repurchase these financing receivables within 6 months. As the financing receivables were long overdue loans from Jimu Group's platform, recovery through collections is remote, subsequently Shenzhen Xinyuhao required Jimu Group to repurchase these financing receivables. However with Jimu Group's financial situation deterioration, it does not have the ability to perform its commitment to repurchase (Note 22), and there is no other substantial asset in Shenzhen Xinyuhao, thus the Group determined that the prepayment for long-term investment was not recoverable and full impairment was made to the balance as of December 31, 2019.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

10. Long-term investments

Long-term investments consist of investments in privately held companies. The following table sets forth the changes in the Group's Long-term investments:

	Cost Method RMB	Equity Method RMB	Total RMB
Balance as of December 31, 2017	**—**	**6,439**	**6,439**
Investments made	35,000	19,259	54,259
Loss from equity method investments	—	(2,652)	(2,652)
Less: Foreign currency translation adjustments	—	(8)	(8)
Balance as of December 31, 2018	**35,000**	**23,038**	**58,038**
Investments made	50,000	6,500	56,500
Loss from equity method investments	—	(8,149)	(8,149)
Less: Foreign currency translation adjustments	—	2,214	2,214
Balance as of December 31, 2019	**85,000**	**23,603**	**108,603**

Cost method investment

In December 2018, the Group invested in 5% equity interest of Fullerton Credit (Chongqing) Co., Ltd ("Chongqing Fullerton") by purchasing ordinary shares, with a total cash consideration of RMB35,000. The investment was accounted for under the cost method as the Group had no significant influence over the investee and Chongqing Fullerton had no readily determinable fair value.

In June 2019, the Group invested in 9.09% equity interest of Bene Internet Technology Co., Ltd. ("Bene Info") by purchasing ordinary shares with a total consideration of RMB50,000. The investment was accounted for under the cost method as the Group had no significant influence over the investee and Bene Info had no readily determinable fair value.

As of December 31, 2018 and 2019, the carrying value of cost method investments without readily determinable fair value was RMB35,000 and RMB85,000, respectively. As of December 31, 2018 and 2019, no impairment was recognized on the cost method investment.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

10. Long-term investments (Continued)

Equity method investment

In October 2017, the Group invested in 27% equity interests of Pivot Fintech PTE. Ltd ("Pivot") by purchasing ordinary shares with a total consideration of RMB8,821. For the years ended December 31, 2017, 2018 and 2019, the Group recognized its proportionate share of the equity investee's net loss into earnings in the amount of RMB2,455, RMB962 and RMB1,349, respectively.

In April, 2018, the Group entered an agreement with United Overseas Bank Limited ("UOB") to establish a joint venture of Avatec.ai (S) Pte. Ltd ("Avatec") in Singapore to develop the lending platform so as to providing credit services and solutions, focusing on data technology based credit assessment, scoring and selection with commercial applications, and supporting consumer and small and medium enterprise lending activities. The Group invested in Avatec through purchase of its ordinary shares, with a total cash consideration of RMB19,259 to obtain 40% shareholding interests. For the years ended December 31, 2018 and 2019, the Group recognized the Group's proportionate share of the equity investee's net loss into earnings in the amount of RMB1,690 and RMB5,972, respectively.

In June 2019, The Group acquired 25% equity interest of Beijing Ruisasi Technology Co., Ltd. ("Beijing Ruisasi") by purchasing its ordinary shares from an agreement with an unaffiliated party with a total cash consideration of RMB6,500. The consideration is higher than its interest in the investees' underlying net assets as the investment was recognized. The basis difference of RMB5,931 relates to equity method goodwill upon acquisition of Beijing Ruisasi's equity interest. For the year ended December 31, 2019, the Group recognized the Group's proportionate share of the equity investee's net loss into earnings in the amount of RMB828.

For the years ended December 31, 2017, 2018 and 2019, there were no impairment on the equity method investment.

11. Fair value measurement

Fair value measurements on a recurring basis

The carrying amount of cash and cash equivalents, restricted cash, short-term financial guarantee assets, accounts receivable, amounts due from related parties, accounts payable, short-term borrowing and amounts due to related parties approximates fair value because of their short-term nature. Financing receivables and funding debts are carried at amortized cost. The carrying amount of the financing receivables, funding debts approximates their respective fair value as the interest rates applied reflect the current quoted market yield for comparable financial instruments.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

11. Fair value measurement (Continued)

The following table presents the fair value hierarchy for the Group's liabilities that are measured and recorded at fair value on a recurring basis as of December 31, 2019:

December 31, 2019	Level 1 Inputs RMB	Level 2 Inputs RMB	Level 3 Inputs RMB	Balance at Fair Value RMB
Liabilities				
Consideration payable for acquisition			(12,710)	(12,710)
Total	**—**	**—**	**(12,710)**	**(12,710)**

As of December 31, 2018, none of the Group's assets or liabilities was measured at fair value on a recurring basis.

Fair value measurements on a non-recurring basis

The Group measures certain financial assets, including the long-term investments at fair value on a non-recurring basis only if an impairment charge were to be recognized. The Group's non-financial assets, such as property, equipment and software, intangible assets and goodwill, would be measured at fair value only if they were determined to be impaired.

12. Intangible assets, net

Intangible assets, net, as of December 31, 2018 and 2019, consist of the following:

	As of December 31,	
	2018 RMB	2019 RMB
License	—	35,410
Software copyright	—	14,506
Customer database	9,697	9,697
Customer relationship	—	2,833
Trademark	162	162
Less: Accumulated amortization	(4,436)	(12,818)
Intangible assets, net	**5,423**	**49,790**

Amortization expenses for the years ended December 31, 2017, 2018 and 2019 was RMB1,765, RMB1,789 and RMB8,383, respectively.

As of December 31, 2019, amortization expenses related to the intangible assets for future periods are estimated to be as follows:

	2020 RMB	2021 RMB	2022 RMB	2023 RMB	2024 RMB	2025 and thereafter RMB	Total RMB
Amortization expenses	11,412	6,577	2,396	2,379	2,366	24,660	49,790

13. Funding debts

The following table summarized the Group's outstanding funding debts as of December 31, 2018 and 2019, respectively:

	As of December 31,	
	2018	2019
	RMB	RMB
Short-term:		
Loan payables to individual investors via Jimu Box and other financial partners	332,746	8,893
Loan payables to investors of consolidated trusts	240,444	291,319
Loan payables to a shareholder	121,788	—
Total short-term funding debts	**694,978**	**300,212**
Long-term:		
Loan payables to individual investors via financial partners	21,498	21,498
Total long-term funding debt	**21,498**	**21,498**

The funding debts had a weighted average interest rate of 9.7%, 11.4% and 9.1% for the years ended December 31, 2017, 2018 and 2019, respectively.

For the years ended December 31, 2017, 2018 and 2019, the Group, through its VIEs, set up several trusts which were administered by third-party trust companies. These trusts were set up with total assets ranging from RMB30,000 to RMB121,000. The external investors purchased senior tranche securities, for annualized interest from 6.8% to 9.0%, representing a range of 75% to 96% of total securities issued by these trusts. The Group is obligated to purchase subordinated tranche securities, representing a range of 4% to 25% of total securities issued by these trusts. Some trusts were set up and a third party purchased subordinated tranche securities while the Group promised the third party a fixed expected return.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

14. Borrowing

As of December 31, 2018 and 2019, borrowings consisted of the following:

	Annual Interest Rate	Terms	Principal	As of December 31, 2018	As of December 31, 2019
			RMB	RMB	RMB
Short-term borrowings:					
Bank of Jiangsu Co., Ltd (Beijing Branch)*	4.35%-4.79%	12 months	220,000	220,000	—
Bank of Jiangsu Co., Ltd (Beijing Branch)*	4.15%-4.35%	1 to 12 months	415,000	—	320,000
Total short-term borrowings				**220,000**	**320,000**
Long-term borrowings:					
Loans from SPD Silicon Valley Bank**	3.55%	17 to 20 months	80,000	—	80,000
Total long-term borrowings				**—**	**80,000**

* Loans from Bank of Jiangsu Co., Ltd (Beijing Branch) were pledged with restricted cash of US$35,780 (RMB249,093) and US$51,080 (RMB355,609) for the balances as of December 31, 2018 and 2019, respectively.

** Loan from SPD Silicon Valley Bank was pledged with restricted cash of US$12,300 (RMB85,630) for the balances as of December 31, 2019.

15. Financial guarantee liabilities and financial guarantee assets

(i) Financial guarantee liabilities

The following table sets forth the financial guarantee liabilities movement activities for the years ended December 31, 2017, 2018 and 2019.

	For the years ended December 31, 2017	2018	2019
	RMB	RMB	RMB
Balance at beginning of the year	—	—	15,537
Fair value of financial guarantee liabilities upon the inception of new loans	—	44,549	493,799
Release of financial guarantee liabilities upon repayment	—	(21,397)	(407,403)
Payouts during the period	—	(7,615)	—
Balance at the end of the year	—	15,537	101,933

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

15. Financial guarantee liabilities and financial guarantee assets (Continued)

(ii) Financial guarantee assets, net

The financial guarantee assets, net as of December 31, 2018 and 2019, consist of the following:

	As of December 31,	
	2018	2019
	RMB	RMB
Short-term:		
Short-term financial guarantee assets	15,569	100,419
Allowance for credit losses	—	(9,045)
Short-term financial guarantee assets, net	15,569	91,374
Long-term:		
Long-term financial guarantee assets	5,040	3,647
Allowance for credit losses	—	—
Long-term financial guarantee assets, net	5,040	3,647

The movement of the allowance for credit losses for the years ended December 31, 2017, 2018 and 2019 consist of the following:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Balance at beginning of the year	—	—	—
Additions	—	—	12,527
Charge-offs	—	—	(3,482)
Balance at end of the year	—	—	9,045

16. Debt instrument

On August 30, 2019, Shanghai Anquying entered into a loan agreement with a third party, Shanghai Mantu Technology Co., Ltd., ("Mantu") who is an affiliate of Mandra iBase Limited, one of the shareholders of Pintec, pursuant to which Mantu agreed to provide a loan in the amount of RMB100,000 to the Shanghai Anquying at an interest of 8% per annum, from August 31, 2019 to August 31, 2020. Ganzhou Aixin Micro Finance and Mr. Jun Dong, the Company's director and acting CEO, have agreed to provide the guarantee to Mantu for Shanghai Anquying's obligations under the loan agreement. In addition, Shanghai Anquying has agreed to pledge its equity interest in Ganzhou Aixin Micro Finance as security for Shanghai Anquying's obligations under the loan agreement. In connection with the loan agreement, upon the request of Mantu, Shanghai Anquying entered into a warrant agreement with Mandra iBase Limited, to grant Mandra iBase Limited or its assignees warrants that allow them to purchase from Pintec up to 52,835,505 Class A Ordinary Shares of the Company within three years at the Exercise Price US$0.5678 per share.

16 Debt instrument (Continued)

The Group has determined that the warrant was a freestanding financial instrument as it is legally detachable and separately exercisable, and met the requirements for equity classification. Therefore, there were two components, the debt component for the loan agreement and equity component for the warrant in the transaction. Accordingly, the proceeds from issuance of the loan were allocated to the debt component and equity component based on the relative fair values of the debt instrument without the warrant and of the warrant itself at the time of issuance.

The Group has engaged an independent valuation firm to evaluate the fair value of the debt component and equity component. Significant assumption used in the discounted cash flow model under the income approach in valuing the debt component included the market discount rate of 12.87%, which was based on a credit analysis of the Company. Significant assumptions used in valuing the equity component using binomial option-pricing model including the following:

Expected volatility	40.0%
Risk-free interest rate (per annum)	1.40%
Expected dividend yield	0.0%
Expected term (in years)	3

As a result,

(i) RMB73,710 was allocated to the debt component and recorded as debt instrument on the consolidated balance sheet, with a discount of RMB26,290 allocated to the equity component.

(ii) RMB26,290 was allocated to the equity component and accounted for as additional paid-in capital with no subsequent re-measurement.

The balance of debt instrument was RMB81,053, including the accretion of discount of RMB7,343, as of December 31, 2019. The Company recorded interest expense of RMB10,009 for the year ended December 31, 2019.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

17. Accrued expenses and other liabilities

Accrued expenses and other liabilities as of December 31, 2018 and 2019, consist of the following:

	As of December 31,	
	2018	2019
	RMB	RMB
Deferred service fee	54,762	67,485
Compensation payable related to guarantee obligation on borrowers' defaults	—	21,912
Deferred government grants	—	19,000
Notes payable*	—	20,000
Professional service fees payable	16,782	8,414
Payroll payable	21,655	7,209
Investment consideration payable	35,000	4,728
Payable related to other services	10,442	3,332
Payable to asset management companies for funds received from customers	3,516	2,775
Interest payable	—	2,667
Others	15,305	423
Total	**157,462**	**157,945**

* Notes payable was pledged with restricted cash of US$3,200 for the balance as of December 31, 2019.

18. Non-controlling interests

In June 2019, Beijing Caissa International Travel Agency Co., Ltd. ("Beijing Caissa") entered into an equity purchase agreement with Pintec Jinke to invest RMB20,151 in Myfin Insurance, a subsidiary of Pintec Jinke, and obtained 40% equity interest of Myfin Insurance after the capital injection. Since the Group retains control of Myfin Insurance, the investment from Beijing Caissa was accounted for as non-controlling interest.

Pursuant to an investment agreement signed in December 2019, Pintec Ganzhou and Yinchuan Xingyin Investment Fund Limited Partnership ("Yinchuan Xingyin") agreed to invest RMB300,000 and RMB200,000 respectively to setup Huatai Ningxia Corporation Consulting Limited Partnership ("Huatai Ningxia"), the primary purpose of which is to invest in Pintec Yinchuan, a subsidiary of Pintec Ganzhou. Pintec Ganzhou and Yinchuan Xingyin paid RMB300,000 and RMB150,000 respectively in December 2019. Since the Group controlled Huatai Ningxia after the investment, the investment from Yinchuan Xingyin was accounted for as non-controlling interest.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

19. Taxation

Cayman Islands

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

In accordance with the relevant tax laws and regulations of Hong Kong, a company registered in Hong Kong is subject to income taxes within Hong Kong at the applicable tax rate on taxable income. In March 2018, the Hong Kong Government introduced a two-tiered profit tax rate regime by enacting the Inland Revenue (Amendment) (No.3) Ordinance 2018 (the “Ordinance”). Under the two-tiered profits tax rate regime, the first HK dollar 2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018-2019. According to the policy, if no election has been made, the whole of the taxpaying entity’s assessable profits will be chargeable to Profits Tax at the rate of 16.5% or 15%, as applicable. Because the preferential tax treatment is not elected by the Group, all the subsidiaries registered in Hong Kong are subject to income tax at a rate of 16.5%. The subsidiaries registered in Hong Kong did not have assessable profits that were derived Hong Kong during the years ended December 31, 2017, 2018, and 2019. Payments of dividends by the subsidiary to the Company are not subject to withholding tax in Hong Kong.

PRC

Under the PRC Enterprise Income Tax Law (the “EIT Law”), the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. Effective January 1, 2008, the EIT Law in China unifies the enterprise income tax rate for the entities incorporated in China at 25% if they are not eligible for any preferential tax treatment. High and new technology enterprises enjoy a preferential tax rate of 15% under the EIT Law. Beijing Hongdian is qualified as a “high and new technology enterprise” under the EIT Law and is eligible for a preferential enterprise income tax rate of 15%, for the period from 2016 to 2018. However, in 2019 the Company did not apply for renewal as they did not expect to be profitable in the near future. Therefore they are subject to an income tax rate of 25% in 2019.

Sky City WFOE is qualified as a “high and new technology enterprise” under the EIT Law and is eligible for a preferential enterprise income tax rate of 15%, for the period from 2018 to 2020, so long as it obtains approval from the relevant tax authority and if it is profitable during the period. In addition, the Management believes it more-likely-than-not that Sky City WFOE will be qualified as an eligible software enterprise before the income tax year-end final settlement in 2019. As a result of this qualification, it is entitled to a tax holiday of a full exemption for year 2019 in which its taxable income is greater than zero, followed by a three-year 50% exemption.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

19. Taxation (Continued)

Pintec Beijing WFOE is qualified as a "high and new technology enterprise" under the EIT Law and is eligible for a preferential enterprise income tax rate of 15%, for the period from 2018 to 2020, so long as it obtains approval from the relevant tax authority and if it is profitable during the period.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body "as" the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, of a non-PRC company is located." For the years ended December 31, 2017, 2018 and 2019, the Group did not have operations outside of the PRC, thus would not be subject to this tax.

Withholding tax on undistributed dividends

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise ("FIE") to its immediate holding company outside China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have such tax treaty with China. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5%. The Group did not record any dividend withholding tax, as the Group's FIE, the PRC WFOE, has no retained earnings in any of the period presented.

The following table sets forth current and deferred portion of income tax expense of the Company's China subsidiaries, overseas subsidiaries, VIEs, and subsidiaries of the VIEs:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Current income tax expense	18,516	42,610	19,231
Deferred income tax benefit	—	(36,901)	(17,263)
Income tax expense	18,516	5,709	1,968

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

19. Taxation (Continued)

The following table sets forth reconciliation between the statutory EIT rate and the effective tax rates:

	For the year ended December 31,		
	2017	2018	2019
Statutory income tax rate in PRC	25.00%	25.00%	25.00%
Tax effect of different tax rates in other jurisdictions	0.00%	2.73%	(0.04)%
Tax effect of unrecognized loss	0.00%	5.29%	(0.09)%
Tax effect of tax-exempt entities	(14.08)%	429.86%	(5.84)%
Tax effect of expired tax attribute carryforwards	0.00%	0.00%	(0.01)%
Tax effect of preferred tax rate	(1.91)%	(93.64)%	5.40%
Tax effect of R&D expense additional deduction	4.35%	(87.93)%	0.67%
Tax effect of non-deductible expenses	10.78%	56.73%	(0.29)%
Tax effect of deferred tax effect of tax rate change	(3.65)%	0.00%	0.40%
Changes in valuation allowance	(48.40)%	(265.59)%	(25.42)%
Effective tax rate	(27.91)%	72.45%	(0.22)%

* Tax-exempt entities represent entities entity incorporated in the Cayman Islands for which the statutory tax rate is zero.

The Company adopted the guidance on accounting for uncertainties in income taxes, which prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Company's uncertain tax positions and determining its provision for income taxes. For the years ended December 31, 2017, 2018 and 2019 the Company did not have any significant interest or penalties associated with uncertain tax positions. As of December 31, 2018 and 2019, the Company did not have any significant unrecognized uncertain tax positions and the Company does not believe that its unrecognized tax benefits will change over the next twelve months.

Deferred tax assets and deferred tax liabilities

The following table sets forth the significant components of the deferred tax assets and deferred tax liabilities:

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

19. Taxation (Continued)

Jurisdictions other than Australia

	As of December 31,	
	2018	2019
	RMB	RMB
Deferred tax assets:		
Allowance for doubtful accounts, credit losses and impairment losses	45,205	263,383
Deductible advertising fees	1,894	225
Net operating loss carry forwards	19,513	37,214
Guarantee liabilities	636	36,165
Deferred revenue from Upfront assessment fee under 606	—	4,776
Accrued expense	1,073	667
Subtotal	68,321	342,430
Less: valuation allowance	(30,098)	(260,002)
Total deferred tax assets, net	38,223	82,428
Deferred tax liabilities:		
Intangible assets acquired in a business combination	1,322	9,343
Interest income from related parties	—	8,410
Total deferred tax liabilities	1,322	17,753
Net deferred tax asset	36,901	64,675

Australia

	As of December 31, 2019
	RMB
Deferred tax assets:	
Net operating loss carry forwards	1,566
Total deferred tax assets, net	1,566
Less: valuation allowance	—
Total deferred tax assets, net	1,566
Deferred tax liabilities:	
Intangible assets acquired in a business combination	3,694
Total deferred tax liabilities	3,694
Net deferred tax liabilities	2,128

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

19. Taxation (Continued)

Changes in valuation allowance are as follows:

	As of December 31,		
	2017	2018	2019
	RMB	RMB	RMB
Balance at beginning of the year	18,916	51,027	30,098
Additions	42,419	21,224	245,886
Reversals	(10,308)	(42,153)	(15,982)
Balance at end of the year	51,027	30,098	260,002

Valuation allowance is provided against deferred tax assets when the Group determines that it is more-likely-than-not that the deferred tax assets will not be utilized in the future. The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses.

As of December 31, 2017, the Group provided full valuation allowance of RMB34,154, for the deferred tax assets related to provision for doubtful accounts and credit losses. Given that the Group had limited successful experience in getting approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses, the Group believes it is more-likely-than-not that these deferred tax assets will not be utilized in the future.

During the year ended December 31, 2018, Shanghai Anquying had achieved pre-tax profit for two consecutive years and was forecasted to be likely to continue achieving pre-tax profit in 2019. Besides, approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses was obtained during the year ended December 31, 2018. As a result, the Group considered that the deferred tax assets related to provision for doubtful accounts and credit losses from Shanghai Anquying are more likely than not to be utilized in the future, and therefore concluded that the previously recognized valuation allowance for these subsidiaries should be reversed in income statement as an income tax benefit (i.e. a credit of income tax expense).

As of December 31, 2019, the Group provided full valuation allowance of RMB 229,170 for the deferred tax assets derived from the provision for credit losses related to Jimu Group and the impairment loss on prepayment of long term investment, which was considered and assessed by the Group that has a remote chance to be utilized in the future, either by subsequent collection or approval from the relevant tax authorities for the deduction of the tax allowance on provision for credit losses and impairment loss.

As of December 31, 2018 and 2019, the Group had net operating loss carryforwards of approximately RMB110,061 and RMB172,721, respectively, which arose from the Group's other subsidiaries, VIEs and the VIEs' subsidiaries established in the PRC, except for Shanghai Anquying , Ganzhou Aixin Micro Finance and the subsidiaries in Australia, United Kingdom and Singapore. As of December 31, 2018 and 2019, deferred tax assets arose from the net operating loss carryforwards amounted to RMB19,513 and RMB38,780, respectively and the Group has provided a valuation allowance when it was more likely than not that these net operating losses would not be utilized in the future. As of December 31, 2019, the net operating loss carryforwards of RMB8,236, RMB7,736, RMB33,912, RMB58,429, and RMB64,408 will expire, if unused, by 2020, 2021, 2022, 2023 and 2024, respectively.

20. Share based compensation expenses

Share based compensation expenses for periods prior to the Reorganization relate to the share options or restricted shares granted by Jimu Parent to the employees of the Pintec Business. For the years ended December 31, 2017, 2018 and 2019, total share based compensation expenses allocated from Jimu Parent were RMB31,018, RMB36,496 and RMB22,434, respectively.

Share options issued by Jimu Parent to employees of the Company

Starting from 2014, Jimu Parent granted multiple tranches of share options with tiered vesting commencement dates to employees, including employees of the Pintec Business. The options are generally scheduled to be vested over four years, one-fourth of the awards shall be vested upon the end of the calendar year in which the awards were granted or the first anniversary dates of the grants, and the remaining of the awards shall be vested on straight line basis. Options granted typically expire in ten years from the respective vesting commencement date as stated in the grant letters.

A summary of activities of the service-based share options granted to the employees of the predecessor operations of Pintec Business for the years ended December 31, 2017, 2018 and 2019 is presented below:

	Options Outstanding	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Life (In years)	Average Intrinsic Value (RMB in thousands)
Outstanding as of January 1, 2017	14,457,910	0.84	8.16	28,210
Granted	470,000	1.00	—	—
Exercised	—	—	—	—
Forfeited	(248,436)	1.00	—	—
Outstanding as of December 31, 2017	14,679,474	0.84	7.46	27,036
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(333,780)	0.87	—	—
Outstanding as of December 31, 2018	14,345,694	0.84	6.20	27,885
Granted	—	—	—	—
Exercised	(13,305,789)	0.83	—	—
Forfeited	(228,262)	1.00	—	—
Outstanding as of December 31, 2019	811,643	0.99	5.88	28,327
Vested and expected to vest as of December 31, 2017	14,679,474	0.84	7.46	27,036
Exercisable as of December 31, 2017	9,301,272	0.77	7.46	9,573
Vested and expected to vest as of December 31, 2018	14,345,694	0.84	6.20	27,885
Exercisable as of December 31, 2018	12,121,038	0.81	6.20	16,353
Vested and expected to vest as of December 31, 2019	811,643	0.99	5.88	28,327
Exercisable as of December 31, 2019	691,564	0.99	5.88	1,295

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

20. Share based compensation expenses (Continued)

There were 470,000, nil and nil options granted for the years ended December 31, 2017, 2018 and 2019. The weighted average grant date fair value of options granted for the years ended December 31, 2017, 2018 and 2019 were US$1.89, nil and nil, respectively. The total intrinsic value of options exercised during the years ended December 31, 2017, 2018, and 2019, were nil, nil, and RMB23,403, respectively.

For the years ended December 31, 2017, 2018 and 2019, share-based compensation expenses recognized associated with the service-based share options granted to employees of the predecessor operations of Pintec Business and allocated to the Company were RMB20,910, RMB26,775 and RMB21,125, respectively.

As of December 31, 2017, 2018 and 2019, there were RMB46,109, RMB23,924, and RMB1,443 of unrecognized share-based compensation expenses, adjusted estimated forfeitures, related to the share options granted. The expenses are expected to be recognized over a weighted-average period of 0.78 years, and may be adjusted for future change in estimated forfeitures.

The estimated fair value of each option grant is estimated on the date of grant using the Binomial option-pricing model with the following assumptions:

	For Years Ended December 31, 2017
Expected volatility	34.6% ~ 40.2%
Risk-free interest rate (per annum)	2.02% ~ 3.02%
Exercise multiples	2.2 ~ 2.8
Expected dividend yield	0%
Expected term (in years)	10
Fair value of the underlying shares on the date of option grants (US$)	0.45 ~ 2.70

The expected volatility is calculated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable companies. The risk free interest rate is estimated based on the yield to maturity of China treasury bonds based on the expected term of the incentive shares. Jimu Parent has not declared or paid any cash dividends on its capital stock, and does not anticipate any dividend payments on its ordinary shares in the foreseeable future. The estimated forfeiture rate is determined based on the fact that vested incentive shares would only be forfeited in the event of misconduct by the holders of the incentive shares.

20. Share based compensation expenses (Continued)

Restriction of ordinary shares held by management and employee

In connection with Jimu Parent's issuance of Series A preferred shares on March 5, 2014, 40% of the 72,000,000 ordinary shares held by certain members of Jimu Parent's senior management became restricted pursuant to the shareholders' agreement. The 40% of the shares subject to vesting thereafter in 60 equal and continuous monthly installments following the grant date, provided that the founders' continuous service for the Jimu Parent. This arrangement is accounted for similar to a reverse stock split, followed by the grant of restricted stock awards to the founders subject to service vesting conditions. These shares issued are determined to be share-based compensation. The fair value of the ordinary shares at the grant date was estimated using the income approach. Grant date fair value per restricted share on March 5, 2014 was US$0.45.

The Company granted 1,863,043 restricted shares on June 28, 2019 to its employees and managements. The shares subject to vesting thereafter in 4 equal and continuous yearly installments following the grant date provided that the employees' and managements' continuous service. The fair value of the restricted shares at the grant date equal to the market price of the Company's ordinary shares, which was US$0.42 per share.

The fair value of the ordinary shares at the grant date recognized as compensation expenses using graded vesting method over the requisite service period, which is the vesting period.

The activities of the total restricted ordinary shares for the years ended December 31, 2017, 2018 and 2019 are summarized as below:

	Number of shares	Weighted-Average Grant Date Fair Value (in US$)
Unvested at January 1, 2017	5,803,231	0.59
Granted	—	—
Vested	(2,634,143)	0.57
Unvested at December 31, 2017	3,169,088	0.60
Granted	—	—
Vested	(2,248,136)	0.56
Forfeited	(540,810)	0.45
Unvested at December 31, 2018	380,142	0.50
Granted	1,863,043	0.42
Vested	(634,899)	0.42
Forfeited	(471,009)	0.42
Unvested at December 31, 2019	1,137,277	0.42

For the years ended December 31, 2017, 2018 and 2019, share-based compensation expenses recognized associated with the restricted ordinary shares and allocated to the Company were RMB10,108, RMB9,721 and RMB2,055, respectively. As of December 31, 2017, 2018 and 2019, unrecognized compensation cost, adjusted for estimated forfeitures and related to non-vested service-based restricted ordinary shares, was RMB10,928, RMB1,303 and RMB3,364, respectively.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

20. Share based compensation expenses (Continued)

Share options issued by Pintec to mirror the options originally granted by Jimu Parent

In connection with the Reorganization and as a result of the anti-dilution provision in the option plan and agreement regarding the options issued by Jimu Parent, 24,287,218 options to purchase the underlying Pintec ordinary shares were issued by the Company as of March 27, 2018 under the Company's first share incentive plan (the "First Plan"). For each of the outstanding share options granted under the Jimu Plan before the Reorganization, excluding those that were forfeited, it was additionally paired with one share option issued by the Company under the First Plan after the Reorganization, as an equitable adjustment pursuant to the anti-dilution provision.

Such issuance of options in conjunction with the Reorganization was determined to be a modification of the share option. All option grantees were affected accordingly. The Company engaged an independent valuation firm to assist the management in valuing the options before and after the modification. The total additional compensation cost resulting from the modifications in accordance with ASC 718 was RMB4,865.

Share options granted by Pintec to employees of the Company

The Group granted 16,042,500 share options and 740,000 share options on May 31, 2018 and July 31, 2018, respectively, to its employees and directors of the Company under the First Plan with an exercise price of US$0.000125. The fair value of the Company's options was estimated to be $1.2785 per option granted on May 31, 2018, and $1.4506 per option granted on July 31, 2018 under the plan. These awards have a service condition and an initial public offering performance condition. For share options granted with performance condition, the share-based compensation expenses are recorded when the performance condition is considered probable. As a result, the cumulative share-based compensation expenses for these options that have satisfied the service condition was recorded upon the completion of the IPO.

The Group granted 610,000 share options on November 28, 2018 to its employees and directors of the Company under the Company's second share incentive plan (the "Second Plan") with an exercise price of US$0.000125. The fair value of the Company's options was estimated to be $1.5899 per option granted on November 28, 2018. These awards have a service condition of four-year service period.

The Group granted 1,497,090 share options on June 28, 2019 to its employees and managements of the Company under the Second Plan with an exercise price of US$0.42, the related fair value of these options was estimated to be US$0.18. The Group granted 680,827 share options on July 31, 2019 to consultants of the Company under the Second Plan. Of the 680,827 share options to consultants, 231,868 share options was with an exercise price of US$0.000125 and the fair value was estimated to be US$0.55; 448,959 share options was with an exercise price of US$0.79 and the fair value was estimated to be US$0.07. These awards have a service condition of four-year service period.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

20. Share based compensation expenses (Continued)

A summary of activities of the service and performance-based share options granted to the employees and directors of the Company for the years ended December 31, 2018 and 2019 are presented below:

	Options Outstanding	Weighted-Average Exercise Price US$	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (RMB in thousands)
Outstanding as of December 31, 2017	—	—	—	—
Granted	17,392,500	0.0001	10	150,062
Exercised	—	—	—	—
Forfeited	(235,936)	0.0001	—	—
Outstanding as of December 31, 2018	17,156,564	0.0001	8.47	152,705
Granted	2,177,917	0.4537	—	—
Exercised	(8,709,085)	0.0001	—	—
Forfeited	(5,047,637)	0.0355	—	—
Outstanding as of December 31, 2019	5,577,759	0.1452	7.68	113,541
Vested and expected to vest as of December 31, 2018	17,156,564	0.0001	8.47	152,705
Exercisable as of December 31, 2018	5,102,237	0.0001	8.47	44,766
Vested and expect to vest as of December 31, 2019	5,577,759	0.1452	7.68	113,541
Exercisable as of December 31, 2019	1,655,773	0.2356	7.68	8,993

For the years ended December 31, 2018 and 2019, share-based compensation expenses recognized/(reversed) associated with share options granted by the company were RMB94,764 and RMB(5,333) respectively. As of December 31, 2018 and 2019, there were RMB61,947 and RMB10,054 of unrecognized share-based compensation, adjusted for estimated forfeitures, related to the share options granted to the Group’s employees and directors. The weighted-average grant-date fair value of options granted during the years December 31,2018, and 2019 were $1.2967, $0.2018, respectively. The total intrinsic value of options exercised during the years ended December 31, 2018, and 2019, was nil, and RMB76,927, respectively.

20. Share based compensation expenses (Continued)

The estimated fair value of option granted in 2018 and 2019 is estimated on the date of grant using the Binomial option-pricing model with the following assumptions:

	For the year ended December 31, 2018 and 2019
Expected volatility	37.6%~39.9%
Risk-free interest rate (per annum)	1.78%~2.89%
Exercise multiples	2.2
Expected dividend yield	0%
Expected term (in years)	3~10
Fair value of the underlying shares on the date of option grants (in US$)	0.42~1.59

The expected volatility at the grant date is estimated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable companies. The risk free interest rate is estimated based on the yield to maturity of China treasury bonds at the option valuation date. Expected term is the contract life of the option. The Group has not declared or paid any cash dividends on its capital stock, and does not anticipate any dividend payments on its ordinary shares in the foreseeable future.

21. Pre-IPO preferred shares

In conjunction with the Group's Reorganization, in March 2018, the Group issued 100,184,191 preferred shares. On May 18, 2018, all of holders of convertible loans exercised the conversion rights and converted these loans to 25,650,679 preferred shares. On the same date, the Group issued another 38,829,699 preferred shares for an aggregate purchase price of RMB407,444 (US$64,000). (All the preferred shares are collectively referred to as the "Pre- IPO Preferred Shares")

Each of the Pre-IPO Preferred Shares is convertible, at the option of the holder, into the Company's ordinary shares at an initial conversion ratio of 1:1 at any time after the date of issuance of such Pre-IPO Preferred Shares, subject to adjustments in certain events. The holders of Pre-IPO Preferred Shares are entitled to receive non-cumulative dividends prior and in preference to any declaration or payment of any dividend on ordinary shares carried at the rate of 8% of original issuance price per annum as and when declared by the board of directors. In the event of any liquidation, dissolution or winding up of the Group, either voluntarily or involuntarily, the holders of Preferred Shares have preference over holders of ordinary shares with respect to payment of dividends and distribution of assets. The Pre-IPO Preferred Shares is redeemable upon the occurrence of certain events that is outside of the Group's control.

The Group determined that the embedded conversion features and the redemption features do not require bifurcation as they either are clearly and closely related to the Preferred Shares or do not meet the definition of a derivative. The Group has determined that there was no embedded beneficial conversion feature attributable to the preferred shares.

The preferred shares were recorded under the allocated issuance price for series of preferred shares issued in connection with the Reorganization. The preferred shares issued after Reorganization were recorded initially at fair value, net of issuance costs.

The Group accretes changes in the redemption value over the period from the date of original issuance of the Pre-IPO Preferred Shares to their respective earliest redemption date using effective interest method. The accretion were recorded against additional paid-in capital and when additional paid-in capital has been exhausted charged into accumulated deficit in the absence of retained earnings. The accretion of Pre-IPO Preferred Shares was RMB65,355 for the year ended December 31, 2018.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

21. Pre-IPO Preferred Shares (Continued)

Ordinary Shares

In accordance with the written resolutions passed by the Board of Directors of the Company and its shareholders in July 2018, immediately prior to the completion of the IPO, the Company completed the redesignation on a one-for-one basis of: (i) 19,676,695 shares of Pre-IPO Class A Ordinary Shares, into Class A Ordinary Shares; and 51,782,495 shares of Pre-IPO Class A Ordinary Shares into Class B Ordinary Shares; (ii) Pre-IPO Preferred Shares were converted into 164,664,569 shares of Class A Ordinary Shares.

In October 2018, the Company completed its IPO on the NASDAQ Global Select Market. In the offering, 3,725,000 American depositary shares ("ADSs"), representing 26,075,000 Class A Ordinary Shares, were issued and sold to the public at a price of US$11.88 per ADS. The net proceeds to the Company from the IPO, after deducting commissions and offering expenses, were approximately US$40.7 million (RMB280.1 million).

In November 2018, the Company completed its followed offering 483,070 ADS, representing 3,381,490 Class A Ordinary Shares, were issued and sold to the public at a price of US$11.88 per ADS. The net proceeds to the Company from the IPO, after deducting commissions and offering expenses, were approximately US$5.3 million (RMB36.4million).

Immediately prior to the completion of the IPO, the Company adopted a dual-class share structure, consisting of Class A Ordinary Shares and Class B Ordinary Shares, par value US$0.000125 per share. All of the issued and outstanding Pre-IPO Class A Ordinary Shares were automatically re-designated into Class A Ordinary Shares on a one-for-one basis, and all of the issued and outstanding Pre-IPO Preferred Shares were automatically converted and redesignated into Class A Ordinary Shares on a one-for-one basis. Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except that the holders of Class A Ordinary Shares are entitled to one vote per share in respect of matters requiring the votes of shareholders, while holders of Class B Ordinary Shares are entitled to fifteen votes per share. Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder thereof. Class A Ordinary Shares are not convertible into Class B Ordinary Shares under any circumstances. The Group concluded that the adoption of dual-class share structure did not have a material impact on its consolidated financial statements.

Table of Contents

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

22. Related party transactions

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2018 and 2019:

Name of related parties	Relationship with the Group
Jimu Group	An entity and its certain subsidiaries that have a high percentage of common shareholders with the Group and share three common board members as of December 31, 2018 and two common board members as of December 31, 2019.
BBAE Holdings Limited	An entity which has two common directors of the Board of Directors with the Company who can significantly influence both the entity and the Company
BBAE Advisors LLC	An entity which is a wholly owned subsidiary of BBAE Holdings Limited
Beijing Liangduo Science and Technology Co. Ltd. (“Beijing Liangduo”)	An entity which the Group holds 18% equity interests
Changsha Liangduo Business Consulting Co., Ltd (“Changsha Liangduo”)	An entity which Beijing Liangduo Science and Technology Co., Ltd holds 100% equity interests

(a). The Group entered into the following transactions with related parties:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
(i) Transactions recorded through statement of operations and comprehensive (loss)/income			
- Cost and expenses allocated from Jimu Group (see Note 1.(b))	102,263	48,687	24,994
- Service cost charged by Jimu Group (1)	194,294	529,593	200,163
- Collection service fees charged by Beijing Liangduo and Changsha Liangduo	7,986	58,192	63,400
- Interest income from loans to Jimu Group (3)(4)	—	—	(43,156)
- Interest expense on borrowings from Jimu Group (5)	—	4,094	213
(ii) Operating transactions			
- Technical service fee collected by Jimu Group on behalf of the Group (2)	—	—	(64,078)
- Payment for guarantee deposit to Jimu Group (1)	—	—	(100,269)
- Loan interests collected from Jimu Group (4)	—	—	3,310
- Borrowing interests paid to Jimu Group (5)	—	(2,259)	(2,047)
- Share-based compensation awards to employees of Jimu Group	—	—	(34,684)
(iii) Financing/Investing transactions			
- Net cash advances to Jimu Group (3)	—	(445,319)	(697,754)
- Principal of loans provided to Jimu Group (4)	—	(52,048)	(137,000)
- Principal of loans collected from Jimu Group (4)	—	52,048	122,000
- Principal of borrowings proceed from Jimu Group (5)	29,270	26,711	—
- Principal of borrowings repaid to Jimu Group (5)	—	(32,150)	(23,831)
- Equity transfer consideration paid to Jimu Group (6)	—	—	(23,000)
- Acquisition of Ganzhou Aixin Micro Finance from Jimu Group (see - Note 4.(i))	—	—	(230,000)

22. Related party transactions (Continued)

(1) The Group entered into a strategic cooperation agreement with Jimu Group on December 31, 2017. Pursuant to the agreement, Jimu Group provided financial guarantee to the investors and charged the Group relative service fee. The accumulative service fee due to Jimu Group of RMB959,073 was used to reduce the amounts due from Jimu Group pursuant to a series of offsetting agreements executed in July 2019.

The Group entered into an information service cooperation agreement with Jimu Group on July 19, 2019. Pursuant to the agreement, the Group provides guarantee to individual investors for loans that the Group has referred and funded through Jimu Group. The guarantee deposit cooperation was terminated on January 1, 2020.

(2) As of December 31, 2019, the Group had balances of receivables from Yunnan Shiyin Financing Guarantee Co., Ltd. ("Yunnan Shiyin"), a third party, for technical service fee, consultancy fee collected on behalf of the Group from borrowers and other receivables of RMB7,495, RMB55,583 and RMB1,000, respectively. Yunnan Shiyin also carried out business with Jimu Group. Pursuant to the debtor-creditor relationship transfer agreement entered into between Yunnan Shiyin, Jimu Group and the Group dated December 31, 2019, the debtor of these balances was transferred from Yunnan Shiyin to Jimu Group in its entirety. The Group therefore reclassified the total outstanding balance of RMB64,078 to amounts due from related parties as of December 31, 2019.

(3) For the years ended December 31, 2018 and 2019, the Group made a series of cash advances in both U.S dollars and Renminbi to Jimu Group. In 2019, the Group and Jimu Group entered into a series of agreements to settle the accumulative net cash advance balances, and the unsettled balances were turned into an U.S. dollar-denominated loan principal with interest rate at 3.5% per annum, maturing on January 31, 2020 and RMB denominated loan principals with interest rate at 11% per annum, maturing on January 31, 2022.

(4) The Group provided short term loans to Jimu Group with no interest in 2018 and with an interest rate of 7% per annum in 2019, respectively.

(5) The short-term and long-term borrowings from Jimu Group in 2017 bear interest rates of 12% per annum. The short-term borrowings from Jimu Group in 2018 bear interest rates ranging from 12.00% to 12.13% per annum and mature in 2019.

(6) In 2019, the Group made payments of RMB13,000 to Jimu Group for settlement of equity interest acquired in connection with the Reorganization. The Group also paid RMB10,000 to Jimu Group to acquire 100% equity interest of Qilehui Credit Investigation Co., Ltd. ("Qilehui"). As of December 31, 2019, the amount was recognized as prepayment because the Group obtained no control or significant influence over Qilehui pursuant to two subsequent agreements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

22. Related party transactions (Continued)

(b). The Group has the following balances with related parties:

	As of December 31,	
	2018	2019
	RMB	RMB
Amounts due from related parties – current:		
Amounts due from Jimu Group	475,005	748,427
Amounts due from other related parties	421	64
Total current amounts due from related parties	**475,426**	**748,491**
Allowance for credit losses	—	(748,427)
Total current amounts due from related parties, net	**475,426**	**64**
Amounts due from Jimu Group – noncurrent	—	**117,589**
Allowance for credit losses	—	(107,589)
Total noncurrent amounts due from related parties, net	—	**10,000**
Amounts due to related parties – current:		
Amounts due to Jimu Group	89,453	4,503
Amounts due to other related parties	7,143	5,688
Total	**96,596**	**10,191**

The movement of the allowance for credit losses for the years ended December 31, 2018 and 2019 consist of the following:

	For the year ended December 31,	
	2018	2019
	RMB	RMB
Balance at beginning of the year	—	—
Additions	—	890,700
Charge-offs*	—	(34,684)
Balance at end of the year	—	856,016

As of December 31, 2019, except the prepaid consideration for acquisition of Qilehui with an amount of RMB10,000, the Group determined that RMB748,427 of the current amounts and RMB107,589 of the noncurrent amounts due from Jimu Group were unrecoverable since Jimu Group was insolvent and in February 2020, Jimu Group announced its exit from online lending platform business pursuant to the relative regulations. There are significant outstanding balances on its platform unpaid to investors, which has priority to any other debts including the balance due to the Group. As a result, RMB 856,016 provision was made to these balances.

* The amount due from Jimu Group resulting from the share-based compensation awards to employees of Jimu Group was wrote off as of December 31, 2019 as the Group waived this balance.

23. Defined contribution plan

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, VIEs and VIEs' subsidiaries of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefit expenses, which were expensed as incurred, were approximately RMB28,870, RMB34,225 and RMB29,936 for the years ended December 31, 2017, 2018 and 2019.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

24. Loss per share

The basic and diluted loss per ordinary share for each of the years are presented as follows:

	For the year ended December 31,			
	2017 RMB	2018 RMB	2019 RMB	2019 US$ Note 2 (f)
Basic loss per ordinary share calculation:				
Numerator:				
Net (loss) income attributable to Pintec Technology Holdings Limited shareholders	(84,860)	2,171	(905,895)	(130,126)
Accretion on Pre-IPO Preferred Shares redemption value*	(45,498)	(76,770)	—	—
Net loss attributable to ordinary shareholders	(130,358)	(74,599)	(905,895)	(130,126)
Denominator:				
Weighted average ordinary shares outstanding-basic and diluted**	62,809,370	101,094,197	282,129,663	282,129,663
Loss per ordinary share basic and diluted	(2.08)	(0.74)	(3.21)	(0.46)

* The accretion of the preferred shares in connection of the Reorganization is calculated as if these preferred shares had been existed since January 1, 2017

** For the years ended December 31, 2017, 2018 and 2019, the Pre-IPO Preferred Shares, convertible loans convertible into ordinary shares, restricted share and share options were anti-dilutive and thus excluded from the calculation of diluted loss per share. The potential dilutive securities that were not included in the calculation of dilutive loss per share in those periods where their inclusion would be anti-dilutive include preferred shares, convertible loans, share options, restricted shares and warrant of 22,893,652, 29,658,727 and 23,228,585 respectively, for the years ended December 31, 2017, 2018 and 2019.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

25. Commitments and contingencies

In the normal course of business, the Group is subject to commitments and contingencies, including operating lease commitments, legal proceedings and claims arising out of its business that relate to a wide range of matters, such as government investigations and tax matters. The Group recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Group may consider many factors in making these assessments including historical and the specific facts and circumstances of each matter.

Operating lease commitment

The Group has entered into non-cancellable operating leases covering various facilities. Future minimum lease payments under these non-cancellable leases as follows:

	Payment due by schedule				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Office rental	12,431	19,675	18,100	16,839	67,045

For the years ended December 31, 2017, 2018 and 2019, the Group incurred office rental expenses in the amounts of RMB17,083, RMB14,250 and RMB18,624, respectively.

Legal Proceedings

As of December 31, 2018 and 2019, the Group was not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position results of operations, or cash flows.

Potential penalty regarding financing guarantee services

The Group has provided credit enhancement for loans that the Group facilitates with certain financial partners. Due to the lack of further interpretations, the exact definition and scope of "operating financing guarantee business" under the Financing Guarantee Rules or the Financing Guarantee Supplementary Provisions ("Financing Guarantee Rules") and what behavior would be deemed as "render any financing guarantee service in disguised form" is unclear. It is uncertain whether the Group would be deemed to operate a financing guarantee business because of the credit enhancement services the Group provides. If the Group's revenues from financial guarantee are deemed to be in violation of the Financing Guarantee Rules, the Group could be subject to penalties and be required to change the Group's business model in cooperation with the financial partners.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification

Subsequent to the issuance of the Group's consolidated financial statements for the years ended December 31, 2017 and 2018 the Group revisited its consolidated financial statements and identified certain material misstatements and as a result has restated the Group's previously issued consolidated financial statements for the years ended December 31, 2017 and 2018.

Restatement of previously issued consolidated financial statements

The following misstatements in the Group's annual financial statements were identified and corrected as part of the restatement:

(a) Gross vs net recognition on revenue

In the years ended December 31, 2018 and 2017, the Group erroneously recorded revenue earned from certain technical service fee on a net basis, rather than on a gross basis as the Group was acting as principle. The correction of this error resulted in an increase in both revenues and cost of revenues of RMB194,294 and RMB529,593 for the years ended December 31, 2017 and 2018, respectively.

(b) Reclassification of prior year presentation

Certain fiscal year 2018 amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. In fiscal year 2019, the Company concluded that: a. it was appropriate to classify financial guarantee assets base on its short term and long term nature from prepayments and other current assets; b. it was appropriate to present the release from guarantee obligation under line item technique service fee revenues; c. it was appropriate to present accrued interest receivable as part of financing receivable, and present accrued interest payable as part of funding debts. This change in classification does not materially affect previously reported consolidated statements of cash flows, and had no effect on the previously reported consolidated statements of operations and comprehensive income for year 2018.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

The effects of the reclassifications and restatement for the error on the consolidated balance sheet are as follows:

	As of December 31, 2018		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
ASSETS			
Current assets:			
Cash and cash equivalents	457,442	—	457,442
Restricted cash	252,599	—	252,599
Short-term financing receivables, net	742,117	11,052	753,169
Short term financial guarantee assets, net	—	15,569	15,569
Accrued interest receivable, net	11,052	(11,052)	—
Accounts receivable, net	47,652	—	47,652
Prepayments and other current assets	229,008	(20,609)	208,399
Amounts due from related parties	475,426	—	475,426
Total current assets	**2,215,296**	**(5,040)**	**2,210,256**
Non-current assets:			
Long-term financing receivables, net	18,882	—	18,882
Long-term financial guarantee assets	—	5,040	5,040
Long-term investments	58,038	—	58,038
Deferred tax assets	36,901	—	36,901
Property, equipment and software, net	7,806	—	7,806
Intangible assets, net	5,423	—	5,423
Goodwill	25,680	—	25,680
Total non-current assets	**152,730**	**5,040**	**157,770**
TOTAL ASSETS	**2,368,026**	**—**	**2,368,026**
LIABILITIES			
Current liabilities:			
Short-term borrowings	220,000	—	220,000
Short-term funding debts	679,957	15,021	694,978
Accrued interest payable	15,021	(15,021)	—
Accounts payable	38,850	—	38,850
Amounts due to related parties	96,596	—	96,596
Tax payable	57,081	—	57,081
Financial guarantee liabilities	15,537	—	15,537
Accrued expenses and other liabilities	157,462	—	157,462
Total current liabilities	**1,280,504**	**—**	**1,280,504**
Non-current liabilities:			
Long-term funding debts	21,498	—	21,498
Other non-current liabilities	8,748	—	8,748
Total non-current liabilities	**30,246**	**—**	**30,246**
TOTAL LIABILITIES	**1,310,750**	**—**	**1,310,750**
SHAREHOLDERS' EQUITY			
Class A Ordinary Shares	185	—	185
Class B Ordinary Shares	43	—	43
Additional paid-in capital	1,896,993	—	1,896,993
Statutory reserves	1,739	—	1,739
Accumulated other comprehensive income	31,014	—	31,014
Accumulated deficit	(872,698)	—	(872,698)
TOTAL SHAREHOLDERS' EQUITY	**1,057,276**	**—**	**1,057,276**
TOTAL LIABILITIES AND EQUITY	**2,368,026**	**—**	**2,368,026**

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

The effects of the reclassifications and restatement for the error on the consolidated statements of operations and comprehensive (loss)/income are as follows:

	For the year ended December 31, 2018		
	As previously reported	Restatement adjustments	As Restated
	RMB	RMB	RMB
Revenues:			
Technical service fees	746,768	550,990	1,297,758
Installment service fees	291,077	—	291,077
Wealth management service fees and others	14,796	—	14,796
Total revenues	**1,052,641**	**550,990**	**1,603,631**
Cost of revenues:			
Funding cost	(161,384)	—	(161,384)
Provision for credit losses	(70,411)	—	(70,411)
Origination and servicing cost	(323,342)	—	(323,342)
Service cost charged by Jimu Group	—	(529,593)	(529,593)
Cost of revenues	**(555,137)**	**(529,593)**	**(1,084,730)**
Gross profit	**497,504**	**21,397**	**518,901**
Operating expenses:			
Sales and marketing expenses	(99,671)	—	(99,671)
General and administrative expenses	(312,979)	—	(312,979)
Research and development expenses	(94,989)	—	(94,989)
Total operating expenses	**(507,639)**	**—**	**(507,639)**
Operating (loss)/income	**(10,135)**	**21,397**	**11,262**
Change in fair value of convertible loans	(9,552)	—	(9,552)
Share of loss from equity method investments	(2,652)	—	(2,652)
Other income, net	8,822	—	8,822
Gain from financial guarantee liabilities	21,397	(21,397)	—
Income before income tax expense	**7,880**	**—**	**7,880**
Income tax expense	(5,709)	—	(5,709)
Net income	**2,171**	**—**	**2,171**
Other comprehensive income:			
Foreign currency translation adjustments, net of nil tax	30,173	—	30,173
Total comprehensive income	**32,344**	**—**	**32,344**

Table of Contents

26. Restatement and reclassification (Continued)

	For the year ended December 31, 2017		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
Revenues:			
Technical service fees	425,311	194,294	619,605
Installment service fees	139,862	—	139,862
Wealth management service fees and others	3,547	—	3,547
Total revenues	**568,720**	**194,294**	**763,014**
Cost of revenues:			
Funding cost	(78,831)	—	(78,831)
Provision for credit losses	(115,920)	—	(115,920)
Origination and servicing cost	(177,662)	—	(177,662)
Service cost charged by Jimu Group	—	(194,294)	(194,294)
Cost of revenues	**(372,413)**	**(194,294)**	**(566,707)**
Gross profit	**196,307**	**—**	**196,307**
Operating expenses:			
Sales and marketing expenses	(72,076)	—	(72,076)
General and administrative expenses	(106,323)	—	(106,323)
Research and development expenses	(71,517)	—	(71,517)
Total operating expenses	**(249,916)**	**—**	**(249,916)**
Operating loss	**(53,609)**	**—**	**(53,609)**
Change in fair value of convertible loans	(7,042)	—	(7,042)
Share of loss from equity method investments	(2,455)	—	(2,455)
Impairment from long-term investments	(2,000)	—	(2,000)
Other expense, net	(1,238)	—	(1,238)
Loss before income tax expense	**(66,344)**	**—**	**(66,344)**
Income tax expense	(18,516)	—	(18,516)
Net loss	**(84,860)**	**—**	**(84,860)**
Other comprehensive income:			
Foreign currency translation adjustments, net of nil tax	841	—	841
Total comprehensive loss	**(84,019)**	**—**	**(84,019)**

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

The effects of the reclassifications and restatement for the error on the consolidated statements of cash flows are as follows:

	For the year ended December 31, 2018		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
Cash flows from operating activities:			
Net income	2,171	—	2,171
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,701	—	4,701
Share-based compensation expenses	131,260	—	131,260
Provision for doubtful accounts and credit losses	178,438	129	178,567
Release from financial guarantee liabilities	(21,397)	21,397	—
Loss from equity-method investments	2,652	—	2,652
Change in fair value of convertible loans	9,552	—	9,552
Change in fair value of short-term investments	315	—	315
Deferred income tax	—	(36,901)	(36,901)
Changes in operating assets and liabilities:			
Short-term and long-term financing receivables	(8,461)	(26,380)	(34,841)
Short-term and long-term financial guarantee assets	—	(20,610)	(20,610)
Accounts receivable	(119,123)	(129)	(119,252)
Amounts due from related parties	36,036	(2,684)	33,352
Prepayments and other current assets	(22,840)	7,261	(15,579)
Deferred tax assets	(36,901)	36,901	—
Short-term and long-term funding debts	7,847	173,952	181,799
Accounts payable	(4,193)	—	(4,193)
Amounts due to related parties	(94,812)	(24,076)	(118,888)
Tax payable	34,695	—	34,695
Financial guarantee liabilities	36,934	(21,397)	15,537
Accrued expenses and other liabilities	(28,565)	16,136	(12,429)
Net cash provided by operating activities	**108,309**	**123,599**	**231,908**
Cash flows from investing activities:			
Purchase of property, equipment and software	(4,071)	—	(4,071)
Financing receivables facilitated	(3,853,780)	(465,875)	(4,319,655)
Collection of principal on financing receivables	4,712,223	492,255	5,204,478
Loan provided to a third party	(137,264)	—	(137,264)
Net cash advances to Jimu Group	(441,491)	(3,828)	(445,319)
Loans provided to Jimu Group	(59,636)	7,588	(52,048)
Collection of loan from Jimu Group	52,169	(121)	52,048
Purchase of private-equity funds	1,685	—	1,685
Purchase of long-term investments	(19,259)	—	(19,259)
Net cash provided by investing activities	**250,576**	**30,019**	**280,595**
Cash flows from financing activities:			
Proceeds from issuance of Pre-IPO Preferred Shares	410,286	—	410,286
Proceeds from initial public offering and followed offering, net of underwriting discount and commissions	316,451	—	316,451
Proceeds from short-term and long-term borrowings	288,141	—	288,141

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

	For the year ended December 31, 2018		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
Repayment of short-term borrowings	(68,141)	—	(68,141)
Proceeds from third parties loans	514,000	—	514,000
Repayment of loans to third parties	(514,000)	—	(514,000)
Cash repayment to Jimu Group	(23,121)	23,121	—
Loan proceeds from Jimu Group	12,711	14,000	26,711
Repayment of loans to Jimu Group	(18,150)	(14,000)	(32,150)
Loan proceeds from a Shareholder	151,000	—	151,000
Repayment of loan to a Shareholder	(29,313)	—	(29,313)
Proceeds from funding debts	3,235,901	(982,449)	2,253,452
Principal repayments on funding debts	(4,346,749)	808,497	(3,538,252)
Proceeds from issuance of convertible loans	21,730	—	21,730
Net cash used in financing activities	**(49,254)**	**(150,831)**	**(200,085)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**24,519**	**(2,787)**	**21,732**
Net increase in cash, cash equivalents and restricted cash	334,150	—	334,150
Cash, cash equivalents and restricted cash at beginning of the year	375,891	—	375,891
Including:	—		
Cash and cash equivalents at beginning of the year	370,891	—	370,891
Restricted cash at beginning of the year	5,000	—	5,000
Cash, cash equivalents and restricted cash at end of the year	**710,041**	**—**	**710,041**
Including:			
Cash and cash equivalents at end of the year	457,442	—	457,442
Restricted cash at end of the year	252,599	—	252,599

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

	For the year ended December 31, 2017		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
Cash flows from operating activities:			
Net loss	(84,860)	—	(84,860)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	4,079	—	4,079
Share-based compensation expenses	31,018	—	31,018
Provision for doubtful accounts and credit losses	132,510	(110)	132,400
Loss from equity-method investments	2,455	—	2,455
Change in fair value of convertible loans	7,042	—	7,042
Impairment from long-term investments	2,000	—	2,000
Changes in operating assets and liabilities:			
Short-term and long-term financing receivables	(9,022)	(37,379)	(46,401)
Accounts receivable	(45,958)	—	(45,958)
Amounts due from related parties	(42,119)	77,358	35,239
Prepayments and other current assets	(50,881)	1,645	(49,236)
Short-term and long-term funding debts	5,941	6,926	12,867
Accounts payable	36,139	—	36,139
Amounts due to related parties	92,431	(81,613)	10,818
Tax payable	20,442	—	20,442
Accrued expenses and other liabilities	96,221	587	96,808
Net cash provided by operating activities	**197,438**	**(32,586)**	**164,852**
Cash flows from investing activities:			
Purchase of property, equipment and software	(2,238)	(577)	(2,815)
Financing receivables facilitated	(7,109,958)	171,753	(6,938,205)
Collection of principal on financing receivables	5,671,423	(134,264)	5,537,159
Purchase of private-equity funds	(2,000)	—	(2,000)
Purchase of long-term investments	(2,000)	—	(2,000)
Net cash used in investing activities	**(1,444,773)**	**36,912**	**(1,407,861)**
Cash flows from financing activities:			
Proceeds from short-term and long-term borrowings	—	40,000	40,000
Repayment of short-term	—	(40,000)	(40,000)
Net cash advances from Jimu Group	23,121	(23,121)	—
Contribution from Jimu Group and shareholders	11	—	11
Loan proceeds from Jimu Group	29,270	—	29,270
Proceeds from funding debts	6,842,534	51,372	6,893,906
Principal repayments on funding debts	(5,534,199)	(58,298)	(5,592,497)
Proceeds from issuance of convertible loans	235,231	—	235,231
Net cash provided by financing activities	**1,595,968**	**(30,047)**	**1,565,921**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(34)**	**—**	**(34)**
Net increase in cash, cash equivalents and restricted cash	348,599	(25,721)	322,878
Cash, cash equivalents and restricted cash at beginning of the year	27,292	25,721	53,013

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

26. Restatement and reclassification (Continued)

	For the year ended December 31, 2017		
	As previously reported RMB	Restatement adjustments RMB	As Restated RMB
Including:			
Cash and cash equivalents at beginning of the year	27,292	25,721	53,013
Restricted cash at beginning of the year	—	—	—
Cash, cash equivalents and restricted cash at end of the year	**375,891**	**—**	**375,891**
Including:			
Cash and cash equivalents at end of the year	370,891	—	370,891
Restricted cash at end of the year	5,000	—	5,000

27. Subsequent events

a) Subscription of private equity fund

On April 24, 2020, the Group subscribed to a private equity fund for RMB35,600, with a term of seven years. The private equity fund is going to invest into a partnership that targets to invest in real estate to earned fixed income. The general partner of the partnership is Jimu Group.

b) Share transfer of Beijing Xuanji

On April 30, 2020, Pintec Beijing WFOE, Beijing Xuanji and Beijing Xuanji's two nominee shareholders entered into an agreement to terminate the VIE agreements entered into during the Reorganization. Immediately after this termination agreement, Beijing Xuanji's two nominee shareholders transferred 80% and 20% of Beijing Xuanji's equity interest to a third party and Shenzhen Xiaogang, respectively. Meanwhile, this third party entered into a two years period concerted action agreement to vote based on Shenzhen Xiaogang decision. The consideration for 80% of share transfer was RMB24,000.

c) Subsequent related party transaction

Subsequent to December 31, 2019, the Group continued to provide net cash advance to Jimu Group of RMB 39,675 and make payment of guarantee deposit to Jimu Group of RMB6,920 before Jimu Group announced its exit from its online lending platform business in February 2020.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

27. Subsequent events (Continued)

d) Impact from novel corona virus

Subsequent to December 31, 2019, COVID-19 has spread rapidly to many parts of China and other parts of the world. The pandemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in China and elsewhere.

Substantially all of the Group's revenue and workforce are concentrated in China. Consequently, the COVID-19 outbreak may materially adversely affect our business operations and the Group's financial condition and operating results for 2020, including but not limited to material negative impact to the Group's total revenues, slower collection of accounts receivables and additional allowance for doubtful accounts and significant downward adjustments or impairment to the Group's long-term investments.

The Group has taken several steps to further strengthen its financial position, maintain financial liquidity and flexibility, including, suspending its share repurchase program, continuing to focus on the implementation of its cost control initiatives to further improve its operating efficiency.

As COVID-19 pandemic is complex and rapidly evolving, the Group's plans as described above may change. At this point, the Group cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Group's business, results of operations, financial position and cash flows. Because of the significant uncertainties surrounding the COVID-19 outbreak, the extent of the business disruption and the related financial impact cannot be reasonably estimated at this time.

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

28. Parent company only condensed financial information

The condensed financial information of the Company has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04, using the same accounting policies as set out in the Group's consolidated financial statements, except that the Company uses the equity method to account for investments in its subsidiaries, VIEs and VIEs' subsidiaries.

Condensed balance sheets (In thousands, except for share and per share data)

	As of December 31,		
	2018 RMB	2019 RMB	2019 US$ Note 2 (f)
ASSETS			
Current assets:			
Cash and cash equivalents	69,194	7,608	1,093
Prepayments and other current assets	138,325	224	32
Amounts due from subsidiaries of the Company	631,414	631,080	90,648
Amounts due from related parties	146,765	—	—
Total current assets	985,698	638,912	91,773
Non-current assets:			
Investment in subsidiaries	58,960	—	—
Long-term investments	17,564	13,445	1,931
Total non-current assets	76,524	13,445	1,931
TOTAL ASSETS	1,062,222	652,357	93,704
LIABILITIES			
Current liabilities:			
Amounts due to subsidiaries of the Company	—	444,316	63,822
Accrued expenses and other liabilities	4,946	10,531	1,512
Total current liabilities	4,946	454,847	65,334
Non-current liabilities:			
Consideration payable for acquisition	—	7,982	1,147
Total non-current liabilities	—	7,982	1,147
TOTAL LIABILITIES	4,946	462,829	66,481
Commitments and contingencies (Note 25)			
SHAREHOLDERS' EQUITY			
Class A Ordinary Shares (US$ 0.000125 par value per share; 348,217,505 shares authorized as of December 31, 2018 and 2019; 213,811,958 and 244,499,207 shares outstanding as of December 31, 2018 and 2019)	185	212	30
Class B Ordinary Shares (US$ 0.000125 par value per share; 51,782,495 shares authorized as of December 31, 2018 and 2019; 51,782,495 and 50,939,520 shares outstanding as of December 31, 2018 and 2019)	43	42	6
Additional paid-in capital	1,896,993	1,977,365	284,030
Accumulated other comprehensive income	31,014	42,890	6,161
Accumulated deficit	(870,959)	(1,830,981)	(263,004)
TOTAL SHAREHOLDERS' EQUITY	1,057,276	189,528	27,223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,062,222	652,357	93,704

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

28. Parent company only condensed financial information (Continued)

Condensed statements of operations and comprehensive income (In thousands)

	For the year ended December 31,			
	2017 RMB	2018 RMB	2019 RMB	2019 US$ Note 2 (f)
Operating expenses:				
Sales and marketing expenses	(3,067)	(11,137)	(2,772)	(398)
General and administrative expenses	(32,671)	(107,158)	(204,810)	(29,419)
Research and development expenses	(3,258)	(18,675)	(3,247)	(466)
Total operating expenses	(38,996)	(136,970)	(210,829)	(30,283)
Change in fair value of convertible loans	(7,042)	(9,553)	—	—
Equity in (loss)/gain of subsidiaries	(38,214)	141,454	(694,808)	(99,806)
Share of loss from equity method investments	—	(1,689)	(5,972)	(858)
Other (expense)/income, net	(78)	8,929	(1,318)	(189)
Interest income from related parties	—	—	7,032	1,010
(Loss)/income before income tax expense	(84,330)	2,171	(905,895)	(130,126)
Income tax expense			—	—
Net income	(84,330)	2,171	(905,895)	(130,126)
Other comprehensive income:				
Foreign currency translation adjustments net of nil tax	311	30,173	11,876	1,706
Total other comprehensive income	311	30,173	11,876	1,706
Total comprehensive (loss)/income	(84,019)	32,344	(894,019)	(128,420)

PINTEC TECHNOLOGY HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

28. Parent company only condensed financial information (Continued)

Condensed statements of cash flows (In thousands)

	For the year ended December 31,			
	2017 RMB	2018 RMB	2019 RMB	2019 US$ Note 2 (f)
Net cash used in operating activities	(972)	(9,529)	(7,261)	(1,044)
Cash flows from investing activities:				
Net cash advances to subsidiaries	(52,274)	(579,141)	(203,956)	(29,296)
Net cash advances to Jimu Group	—	(146,765)	—	—
Loan provided to a third party	—	(137,264)	—	—
Purchase of long-term investments	—	(19,259)	—	—
Collection of cash advance from Jimu Group	—	—	20,603	2,959
Collection of loan from a third party	—	—	135,296	19,434
Purchase of Infrarisk, net of cash acquired (Note 4)	—	—	(3,650)	(524)
Investment in a subsidiary	—	—	(5,196)	(746)
Net cash used in investing activities	**(52,274)**	**(882,429)**	**(56,903)**	**(8,173)**
Cash flows from financing activities:			—	—
Proceeds from issuance of convertible loans	235,231	21,730	—	—
Contribution from Jimu Group and shareholders	11	—	—	—
Proceeds from issuance of Pre-IPO Preferred Shares	—	410,286	—	—
Proceeds from initial public offering and followed offering, net of underwriting discount and commissions	—	316,451	—	—
Proceeds from exercise of Share-based options	—	—	26	4
Net cash provided by financing activities	**235,242**	**748,467**	**26**	**4**
Effect of exchange rate changes on cash, cash equivalents	311	30,378	2,552	367
Net increase/(decrease) in cash, cash equivalents	**182,307**	**(113,113)**	**(61,586)**	**(8,846)**
Cash and cash equivalents at beginning of the year	—	182,307	69,194	9,939
Cash and cash equivalents at end of the year	**182,307**	**69,194**	**7,608**	**1,093**

Exhibit 2.4

Description of Rights of Each Class of Securities
Registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

American Depositary Shares ("ADSs"), each representing seven Class A ordinary shares of Pintec Technology Holdings Limited, (the "we," "our," "our company," or "us") are listed and traded on the Nasdaq Global Market and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of Class A ordinary shares and (ii) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by The Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as holders of the Class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our current amended and restated memorandum and articles of association (the "Memorandum and Articles of Association"), as well as the Companies Law (as amended) of the Cayman Islands (the "Companies Law") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our Registration Statement on Form F-1 (File No. 333-226188).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each Class A ordinary share has US$0.000125 par value. The number of Class A ordinary shares that have been issued as of the last day of the financial year ended December 31, 2019 is provided on the cover of the annual report on Form 20-F filed on June 29, 2020 (the "2019 Form 20-F").

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a dual-class share structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall entitle the holder thereof to fifteen votes on all matters subject to the vote at general meetings of our company. Holders of Class A ordinary shares and Class B ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by the members. Due to the additional votes attached to the Class B ordinary shares, the voting power of the Class A ordinary shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class B ordinary share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at our general meetings, and each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at our general meetings. However, beginning from the earlier of (1) the date when Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng no longer beneficially own, on an aggregate basis, at least 40% of the total Class B ordinary shares that were issued and outstanding immediately prior to the completion of the initial public offering, as adjusted for share splits, share dividends, recapitalizations and the like, or (2) the seventh anniversary of October 29, 2018, each Class B ordinary share will entitle its holder to only one vote, rather than fifteen. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale of Class B ordinary shares by a holder thereof to any person other than our three core founders, Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng, or any entity which is not affiliated with any of the three core founders, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares. Each Class B ordinary share beneficially owned by any core founder is automatically converted into one Class A ordinary share, if at any time the core founder ceases to be a director or employee of our company or ceases to have the capability to make business decisions on behalf of our company due to health reasons.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or shareholders in general meeting (provided always that dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business).

Voting Rights. Holders of ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of our company. Holders of ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any such general meeting. Each holder of Class B ordinary shares is entitled to fifteen votes per share, subject to certain conditions, and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Travers Thorp Alberga, our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Law and not inconsistent with common law. Travers Thorp Alberga has confirmed that the inclusion in our amended and restated Memorandum and Articles of Association of provisions giving weighted voting rights to specific classes of shareholders generally or to specific classes of shareholders on specific resolutions is not prohibited by the Companies Law. Further, weighted voting provisions have been held to be valid as a matter of English common law and therefore it is expected that such would be upheld by a Cayman Islands court.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders 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 who are present in person or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. 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 Law and our 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 Memorandum and Articles of Association.

Transfer of Ordinary Shares. 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.

However, 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 our company has 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;
- the ordinary shares transferred are free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

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

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. 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 proportionately. We are a “limited liability” company registered under the Companies Law, and under the Companies Law, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our 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 ordinary shares. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders 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 are otherwise authorized by our Memorandum and Articles of Association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company’s profits or out of the proceeds of a 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 our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Election and Removal of Directors. Unless otherwise determined by our company in general meeting, our articles 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.

Proceedings of Board of Directors. Our 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 Memorandum and Articles of Association provide that the board may from time to time at its discretion exercise all powers of our company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our company and issue debentures, bonds and other securities of our company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares. If at any time, our share capital is divided into different classes of shares, all or any of the rights attached to any class of shares may, subject to any rights or restrictions for the time being attached to any class, be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of shares of that class by the holders of two-thirds of the issued shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking pari passu with such existing class of shares. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote Class A ordinary shares, other than anti-takeover provisions contained in the Memorandum and Articles of Association to limit the ability of others to acquire control of our company or cause our company to engage in change-of-control transactions.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change in 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.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association, as amended and restated from time to time, for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the laws of the Cayman Islands or under the Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Law 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 Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (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 list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. 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.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, 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 seventy-five percent in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover 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 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, the 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 and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to apply and follow the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) which permit a minority shareholder to commence a class action against, or derivative actions in the name of, a company to challenge the following:

- an acts which is illegal or ultra vires;
- an act which, although not ultra vires, could only be effected duly if authorized by a special or qualified majority vote that has not been obtained; and

- an act which constitutes a fraud on the minority where the wrongdoers are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles of Association provide that our directors and officers shall be indemnified against all actions, costs, charges, expenses, losses and damages incurred or sustained by such director or officer, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our 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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her 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, a 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 or her 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 or her personal interest or his or her 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 or her duties a greater degree of skill than may reasonably be expected from a person of his or her 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 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. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. 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 Memorandum and Articles of Association provides that, on the requisition of any two or more shareholders holding shares representing in aggregate not less than one-third of the total voting rights in the paid up capital of our company, the board shall convene an extraordinary general meeting.

However, our 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. 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. Cayman Islands law does not prohibit cumulative voting, but our 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 Memorandum and Articles of Association, directors may be removed by ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, 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 stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate 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.

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 articles of association, if our share capital is divided into more than one class of shares, we may materially adversely vary the rights attached to any class only with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Law, our Memorandum and Articles of Association may only be amended by special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our 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 Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Exempted Company. We are an exempted company with limited liability under the Companies Law of the Cayman Islands. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company 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). Upon the effectiveness of the registration statement on Form F-1 in connection with our initial public offering, we became subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers.

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such 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 cancelled.

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.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent seven Class A ordinary shares (or a right to receive seven Class A ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited ordinary shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 225 Liberty Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement between us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. The deposit agreement has been filed with the SEC as an exhibit to a Registration Statement on Form F-6/A (File No. 333-227764) for our company. The form of ADR is on file with the SEC (as a prospectus) and was filed on October 19, 2018.

Dividends and Other Distributions

How will you receive dividends and other distributions on the ordinary shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

Ordinary Shares. The depositary may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those ordinary shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depositary may sell a portion of the distributed ordinary shares (or ADSs representing those ordinary shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of ordinary shares, new ADSs representing the new ordinary shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you*.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited ordinary share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver an ADR evidencing those ADSs to the ADS holder.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited ordinary shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or other applicable documents, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you will not be able to exercise voting rights unless you surrender your ADSs and withdraw the ordinary shares. However, you may not know about the meeting far enough in advance to withdraw the ordinary shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

If we asked the depositary to solicit your instructions at least 45 days before the meeting date but the depositary does not receive voting instructions from you by the specified date, the depositary will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs on any matter at the meeting provided that we give the depositary a written confirmation sufficiently in advance of the meeting that:

- we wish a proxy to be given to a person of our choice,
- we reasonably do not know of any substantial opposition to the matter, and
- the matter is not materially adverse to the interests of shareholders.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended*.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange on which they were listed and do not list the ADSs on another exchange;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;

- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person; and
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system.

The depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Ordinary Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement does not permit the depositary to deliver ADSs before deposit of the underlying ordinary shares.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the 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 in the facts and circumstances of that case in accordance with applicable case law.

Exhibit 4.8

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (hereinafter referred to as the **"Agreement"**) is entered into by and between the following Parties in Beijing, China on September 25, 2019.

Party A: Pintec (Beijing) Technology Co., Ltd.

Party B: Pintec Jinke (Beijing) Information Technology Co., Ltd.

Party A and Party B are hereinafter referred to individually as a **"Party"** and collectively as the **"Parties"**.

WHEREAS:

1. Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (hereinafter referred to as **"China"**) and has the necessary resources to provide technical business services and business consulting services;

2. Party B is a domestic company registered in China, which, with the approval of relevant government authorities in China, can be engaged in such business as technology development, technology transfer, technology promotion, technical services, and technical consultation; computer system services. (Enterprises can independently choose business projects and carry out business activities in accordance with law; projects subject to approval by law shall be conducted business activities in compliance with the approved contents after approval by relevant departments; enterprises are not allowed to engage in business activities of the projects that are prohibited and restricted by industrial policies in the city.) (hereinafter referred to as the **"Business Scope"**);

3. Party A agrees to make use of its advantages in manpower, technology and information to provide Party B with exclusive technical, business support, business consulting and other services within the Business Scope of Party B by Party A or its designee during the term of this Agreement, and Party B agrees to accept such exclusive services provided by Party A or its designee in accordance with the terms of this Agreement.

NOW, THEREFOR, Party A and Party B reach the following agreement through consultation:

1. Provision of Services by Party A

1.1 Pursuant to the terms and conditions of this Agreement, Party B hereby appoints Party A as its exclusive service provider to provide Party B with comprehensive business support, technical services and consulting services during the term of this Agreement, specifically including all services determined by Party A from time to time within the Business Scope of Party B, including but not limited to the following: technical services, network support, business consulting, license of intellectual property, leasing of equipment or office space, market consulting, system integration, product development and system maintenance.

1.2 Party B agrees to accept the consultation and services provided by Party A. Party B further agrees that, except with the prior written consent of Party A, Party B shall not accept any consultation and/or service provided by any third party and shall not cooperate with any third party in respect of the matters specified in this Agreement during the term of this Agreement. Party A may designate any other party (such designated party may sign the agreements specified in Article 1.3 hereof with Party B) to provide Party B with the consultation and/or services under this Agreement. For the avoidance of doubt, no provision of this Agreement shall prevent Party A in any way from providing consultation and services to a third party, and it is not required to notify Party B or obtain Party B's consent for Party A's provision of any consultation and services to a third party.

1.3 Ways of Providing Services

1.3.1 Party A and Party B agree that during the term of this Agreement, the Parties may directly or indirectly through their respective affiliates sign other technical service agreements and consulting service agreements to agree on the specific content, method, personnel and fees of specific technical services and consulting services.

1.3.2 For the purpose of performing this Agreement, Party A and Party B agree that during the term of this Agreement, the Parties may directly or indirectly through their respective affiliates sign a license agreement for intellectual property rights (including but not limited to: copyright, software, trademark, patent, patent application, know-how, trade secret and others), which shall allow Party B to use the relevant intellectual property rights of Party A/Party A's designated party based on the business needs of Party B pursuant to the specific provisions thereof.

1.3.3 For the purpose of performing this Agreement, Party A and Party B agree that during the term of this Agreement, the Parties may directly or indirectly through their respective affiliates sign an equipment or plant leasing agreement, which shall allow Party B to use Party A's relevant equipment or plant at any time based on Party B's business needs.

1.3.4 For the avoidance of doubt, Party A has the absolute discretion to decide on whether to provide the consultation or services by itself or by its designated party, on whether or not to provide the consultation or services, and on the type, content, time, method and times of providing specific consultation or services. No failure of Party A to provide all consultation or services under Articles 1.3.1 to 1.3.3 shall constitute a breach of contract of Party A.

2. **Calculation and Payment Method of Service Fee**

2.1 The Parties agree that Party A shall issue a bill to Party B on a quarterly basis according to the workload and commercial value of the technical services provided by it to Party B and pursuant to the price agreed by both Parties, and Party B shall pay the corresponding consulting service fee and other service fees to Party A or Party A's designated party according to the date and amount specified in the bill. Party A has the right to adjust the standard of consulting service fee according to the quantity and content of the consulting service provided by it to Party B at any time, and the aforesaid adjustment shall take effect upon written notice to Party B.

2.2 Within fifteen (15) days after the end of each fiscal year, Party B shall provide Party A with the financial statements of that year and all the business records, business contracts and financial data required for the issuance of the financial statements. If Party A questions the financial information provided by Party B, it may appoint an independent accountant with good reputation to audit the relevant information, for which Party B shall cooperate.

3. **Intellectual Property Rights and Confidentiality**

3.1 Party A shall have the exclusive and proprietary rights and interests in and to all rights, ownership, interests and intellectual property rights generated or created by the performance of this Agreement, including but not limited to copyright, patent, patent application, trademark, software, know-how, trade secret and others, whether developed by Party A or Party B. No license granted by Party A or the designated party of Party A to Party B to use the intellectual property rights shall be deemed as granting the ownership of the intellectual property rights to Party B, and the intellectual property rights developed by Party B based on Party A's consultation or services shall belong to Party A.

3.2 The Parties acknowledge that any oral or written information exchanged by them in connection with this Agreement is confidential. Each Party shall keep all such information confidential and shall not disclose any relevant information to any third party without the written consent of the other Party, except those (a) which enters or will enter the public domain not due to the disclosure made by one of the receiving parties to the public; (b) which is required to be disclosed by the applicable law or the rules or requirements of any stock exchange; or (c) which is required to be disclosed by either Party to its legal or financial advisers in connection with the transactions contemplated by this Agreement, provided that such legal or financial advisers shall be subject to confidentiality obligations similar to those set forth in this Article. The disclosure of any confidential information by any employee or organization employed by either Party shall be deemed as the disclosure of such confidential information by such Party, and such Party shall be liable for breach of this Agreement. This Article shall survive, regardless of the termination of this Agreement for any reason.

3.3 The Parties agree that this Article shall survive, regardless of whether this Agreement is modified, rescinded or terminated.

4. Representations and Warranties

4.1 Party A represents and warrants as follows:

4.1.1 Party A is a company duly registered and validly existing in accordance with the laws of China.

4.1.2 The execution and performance of this Agreement by Party A is within the scope of its legal personality and business operation; and Party A has taken all necessary corporate actions, has been duly authorized and has obtained the consent and approval of the third party and government agencies, and has not violated any law or other restrictions binding upon or affecting Party A.

4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, which can be enforced against Party A in accordance with the terms of this Agreement.

4.2 Party B represents and warrants as follows:

4.2.1 Party B is a company duly registered and validly existing in accordance with the laws of China, which, with the approval of relevant government authorities in China, can be engaged in such business as technology development, technology transfer, technology promotion, technical services, and technical consultation; computer system services. (Enterprises can independently choose business projects and carry out business activities in accordance with law; projects subject to approval by law shall be conducted business activities in compliance with the approved contents after approval by relevant departments; enterprises are not allowed to engage in business activities of the projects that are prohibited and restricted by industrial policies in the city.)

4.2.2 The execution and performance of this Agreement by Party B is within the scope of its legal personality and business operation; and Party B has taken all necessary corporate actions, has been duly authorized and has obtained the consent and approval of the third party and government agencies, and has not violated any law or other restrictions binding upon or affecting Party B.

4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, which can be enforced against Party B in accordance with the terms of this Agreement.

5. Effectiveness and Term

5.1 This Agreement is entered into on the date first mentioned above and shall take effect as from that date. Unless terminated in advance in accordance with this Agreement or other agreements signed by both Parties, this Agreement shall be valid for 10 years. Upon the execution of this Agreement, both Parties shall review this Agreement every three months to decide whether to modify or supplement the provisions of this Agreement based on the actual situation at that time.

5.2 Prior to the expiration of this Agreement, the term of this Agreement can be extended upon the written confirmation of Party A. If Party A chooses to extend the term, the extended term shall be decided by Party A, and Party B shall unconditionally accept such extended term.

6. Termination

6.1 Unless renewed in accordance with the relevant provisions of this Agreement, this Agreement shall terminate on the expiration date.

6.2 During the term of this Agreement, unless Party A has serious negligence or fraud against Party B, Party B shall not terminate this Agreement prior to the expiration date. However, Party A shall have the right to terminate this Agreement at any time by giving 30 days' written notice to Party B.

6.3 Upon the termination of this Agreement, the rights and obligations of both Parties under Articles 3, 7 and 8 shall survive.

7. Applicable Law and Dispute Resolution

7.1 The execution, effectiveness, interpretation, performance, modification and termination of this Agreement and the resolution of disputes under this Agreement shall be governed by the laws of China.

7.2 Where any dispute arises from the interpretation and performance of the provisions of this Agreement, both Parties shall negotiate in good faith to resolve the dispute. If the Parties fail to resolve such dispute within 30 days after any Party's request to the other Party for resolving the dispute through negotiation, any Party may submit the dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration shall be conducted in Beijing, and the language to be used in the arbitration shall be Chinese. The arbitration award shall be final and be binding on both Parties.

7.3 Where any dispute arises from the interpretation and performance of the provisions of this Agreement or any dispute is under arbitration, except for the disputed matter(s), both Parties hereof shall continue to exercise their respective rights and perform their respective obligations under this Agreement.

8. Indemnification

Party B shall indemnify Party A and hold Party A harmless from any loss, damage, liability or expense suffered or incurred by Party A due to any lawsuit, claim or other demand against Party A arising from the consultation and services provided by Party A at Party B's request, unless such loss, damage, liability or expense is caused by Party A's gross negligence or intentional misconduct.

9. Notice

9.1 All notices and other communications required or permitted to be given under this Agreement shall be delivered by hand or sent by prepaid registered mail, by commercial express service or by fax to the contact address of the receiving Party. A further confirmation shall be sent by email for each notice. The date on which such notice shall be deemed to have been duly served shall be determined as follows:

9.1.1 if the notice is delivered by hand or sent by express service or by prepaid registered mail, it shall be deemed to have been duly served on the date of delivery or rejection at the designated receiving address of the notice; and

9.1.2 if the notice is sent by fax, it shall be deemed to have been duly served on the date of successful transmission (evidenced by the automatically generated transmission confirmation information).

9.2 Either party may change its address for receiving notice at any time by sending a notice to the other Party pursuant to the provisions of this Article.

10. Transfer

10.1 Without the prior written consent of Party A, Party B shall not transfer its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may, by giving a prior written notice to Party B, transfer its rights and obligations under this Agreement to any third party without Party B's consent.

11. Severability

If one or more provisions of this Agreement are found to be invalid, illegal or unenforceable in any respect under any law or regulation, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any respect. The Parties shall negotiate in good faith to replace the invalid, illegal or unenforceable provisions with the effective provisions permitted by law and to the maximum extent expected by both Parties, of which the economic effect shall be similar to that of such invalid, illegal or unenforceable provisions as far as possible.

12. <u>Amendment and Supplement</u>

Any amendment and supplement to this Agreement shall be made in writing. Any amendment agreement and supplementary agreement related to this Agreement signed by both Parties shall be an integral part of this Agreement and shall have the same legal effect as this Agreement.

13. <u>Language and Counterparts</u>

This Agreement shall be written in Chinese and made in duplicate, each Party holds one counterpart, and each counterpart shall have the same legal effect.

—the following is signature page—

There is no text on this page, which is the signature page of the Exclusive Business Cooperation Agreement.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ WEI Wei

Party B:

Pintec Jinke (Beijing) Information Technology Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Information Technology Co., Ltd.

Legal representative: /s/ CHEN Bingqing

Exhibit 4.9

Exclusive Option Agreement

This Exclusive Option Agreement (hereinafter referred to as this **"Agreement"**) was entered into by and among the following parties on September 25, 2019 in Beijing, China:

Party A: **Pintec (Beijing) Technology Co., Ltd.**

Party B: **Wei Wei**, ID card No.: 130202197312090637;
Chen Bingqing, ID card No.: 620122198411210017;

Party C: **Pintec Jinke (Beijing) Information Technology Co., Ltd.**

In this Agreement, Party A, Party B, and Party C are individually referred to as a **"Party",** and collectively referred to as the "**Parties"**.

Whereas: Party B collectively hold 100% equity interests in Party C;

Now therefore, the Parties hereby agree on the following terms and conditions:

1. Purchase and Sale of Shares and Assets

1.1 Granting rights

1.1.1 Each of Party B hereby irrevocably grants Party A an irrevocable and exclusive right (**"Share Purchase Option"**) to purchase, or designate one or more persons (each, a "**Designee of Equity"**) to purchase, from any one of Party B all or a part of the equity interests held by Party B in Party C at one or multiple times at any time to the extent permitted by the laws of the People's Republic of China ("**China"**) according to the exercise steps at the sole discretion of Party A and at the Share Purchase Price set forth in Article 1.3 hereof. Except for Party A and the Designee of Equity, no other person shall be entitled to the Share Purchase Option or other rights related to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Share Purchase Option to Party A. The term "**person"** as used herein shall refer to individuals, corporations, joint ventures, partnerships, enterprises, trusts, or non-corporate organizations.

1.1.2 Party C hereby irrevocably grants Party A an irrevocable and exclusive right (**"Assets Purchase Option"**) to purchase, or designate one or more persons (each, an **"Designee of Assets"**, together with the Designee of Equity, **"Designee"**) to purchase, from Party C all or a part of Party C's assets at one or multiple times at any time to the extent permitted by the laws of China according to the exercise steps at the sole discretion of Party A and at the Assets Purchase Price set forth in Article 1.3 hereof. Except for Party A and the Designee of Assets, no other person shall be entitled to the Assets Purchase Option or other rights related to the assets of Party C. Party B agree to the grant by Party C of the Assets Purchase Option to Party A in accordance with the provisions of this Agreement.

1.2 Steps for Exercise of Share Purchase Option

Subject to the terms and conditions hereof and to the extent permitted by Chinese laws, Party A has the absolute discretion in deciding the specific schedule, method, and number of times for exercising its options.

Subject to the provisions of the laws and regulations of China, Party A may exercise its Share Purchase Option or Assets Purchase Option by giving a written notice to Party B (**"Purchase Notice"**), specifying: (a) Party A's decision to exercise the Share Purchase Option or Assets Purchase Option; (b) the portion of shares (**"Optioned Shares"**) to be purchased by Party A from Party B, or the portion of assets ("Optioned Assets") to be purchased by Party A from Party C; and (c) the date for purchasing the Optioned Shares or Optioned Assets and/or the date for transfer of the Optioned Shares or Optioned Assets.

Subject to the provisions of the laws and regulations of China, Party A may exercise its Assets Purchase Option by giving a written notice to Party C (**"Assets Purchase Notice"**), specifying: (a) Party A's decision to exercise the Assets Purchase Option; (b) the specific assets (**"Optioned Assets"**) to be purchased by Party A from Party C; and (c) the date for delivery of the Optioned Assets and/or the date for transfer of the Optioned Assets.

When exercising its Share Purchase Option or Assets Purchase Option, Party A may accept by itself the Optioned Shares or Optioned Assets, or designate the Designee to receive the Optioned Shares or Optioned Assets in whole or in part.

1.3 Share Purchase Price and Assets Purchase Price

1.3.1 With respect to the Optioned Shares, unless an appraisal is required by Chinese laws or regulations when Party A exercises the option, the purchase price of the Optioned Shares (**"Share Purchase Price"**) shall be RMB one Yuan (RMB 1.00); if the minimum price then permitted by Chinese laws is greater than the price above, the purchase price shall be the minimum price permitted by the laws. If Party B receive a transfer price exceeding RMB one Yuan (RMB 1.00) for the Optioned Shares held by Party B, or receive profit distribution, capital bonuses, dividends, or dividend distribution in any form made by Party C, Party B acknowledge that, subject to Chinese laws, Party A is entitled to the portion of interests exceeding RMB one Yuan (RMB 1.00). Party B shall instruct the relevant transferee or Party C to pay such portion of interests to the bank account then designated by Party A.

1.3.2 With respect to the Assets Purchase Option, each time Party A exercises its option, the purchase price of the Optioned Assets (**"Assets Purchase Price"**) shall be the net book value of the Optioned Assets; provided, however, that if the minimum price then permitted by Chinese laws is greater than the net book value above, the transfer price shall be the minimum price permitted by Chinese laws.

1.4 Transfer of the Optioned Shares and Optioned Assets

Each time Party A exercises the Share Purchase Option or Assets Purchase Option:

1.4.1 Party B and Party C shall cause Party C to promptly convene a shareholders' meeting and/or board meeting (as applicable), at which a resolution shall be adopted approving Party B to transfer the equity interests to Party A and/or the Designee of Equity or approving Party C to transfer the assets to Party A and/or the Designee of Assets;

1.4.2 Party B or Party C (as applicable) shall execute a Share Transfer Agreement or Assets Transfer Agreement (collectively, **"Transfer Agreement"**) with respect to each transfer with Party A and/or the Designee (as applicable) in accordance with the provisions of this Agreement and the corresponding Purchase Notice;

1.4.3 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 the valid ownership of the Optioned Shares or Optioned Assets to Party A and/or the Designee (as applicable) free from any security interests, and cause Party A and/or the Designee to become the registered owner of the Optioned Shares or Optioned Assets (if necessary). For the purpose of this article and this Agreement, **"Security Interests"** include guarantee, mortgage, pledge, lien, claim, third-party rights or interests, as well as any share option, acquisition right, right of first refusal, set-off right, ownership retention, or other security arrangement, but for clarity, do not include any security interests creating under this Agreement or Party B' Share Pledge Agreement. The **"Party B' Share Pledge Agreement"** as used in this article and this Agreement refers to the Share Pledge Agreement executed among Party A, Party B, and Party C as of the date of this Agreement; under Party B' Share Pledge Agreement, Party B pledge all the equity interests they held in Party C to Party A, so as to guarantee the obligations of Party B hereunder and guarantee Party C' performance of its obligations under the Exclusive Business Cooperation Agreement executed by and between Party C and Party A and the obligations under other related agreements.

2. **Undertakings**

2.1 Undertakings related to Party C

Party B (as the shareholders of Party C) and Party C hereby undertake that:

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 otherwise change its structure of registered capital;

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, pledge, or otherwise dispose of any shares, assets, or the legal or beneficial interests in the business or revenues of Party C, or allow the imposition of any security interests thereon;

2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or allow the existence of any debts except for (i) debts incurred during the normal business operation instead of borrowing, and (ii) debts that have been disclosed to Party A and agreed by Party A in writing;

2.1.5 They shall ensure to operate all the businesses of Party C as in normal business operation to maintain the assets values of Party C, and refrain from any act/omission that may affect Party C's operating conditions and assets values;

2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material agreement except for agreements executed in the normal business operation (for the purpose of this paragraph, an agreement with a value exceeding RMB 100,000 shall be deemed as a material agreement);

2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide loans, credits, guarantee, or assurance to any person;

2.1.8 At the request of Party A, they shall provide Party A with all the materials with respect to the operating and financial conditions of Party C;

2.1.9 If requested by Party A, they shall purchase and maintain insurance covering Party C's assets and business from an insurer consented by Party A with the amount and type of coverage matching with the insurance purchased by companies operating similar businesses;

2.1.10 Without the prior written consent of Party A, they shall not cause or allow Party C to combine or merge with any person, to acquire or invest in any person, or to be acquired by or receive investments from any person;

2.1.11 Without the prior written consent of Party A, they shall not liquidate, dissolve, or deregister Party C;

2.1.12 They shall immediately notify Party A of any actual or possible litigation, arbitration, or administrative proceedings related to Party C's assets, business, or revenues;

2.1.13 They shall execute all necessary or appropriate documents, take all necessary or appropriate actions, and file all necessary or appropriate claims or raise necessary or appropriate defenses against all claims to maintain Party C's ownership in all the assets of Party C;

2.1.14 Without the prior written consent of Party A, they shall ensure that Party C shall not distribute distributable profits, capital bonuses, or dividends to its shareholders in any manner; provided, however, that once requested by Party A in writing, Party C shall immediately distribute all distributable profits, capital bonuses, or dividends to its shareholders;

2.1.15 At the request of Party A, they shall appoint any person designated by Party A as the director or supervisor of Party C, or other officer appointed and dismissed by Party B;

2.1.16 They shall promptly inform Party A of any conditions that may cause material adverse effects on the existence, business operation, financial conditions, assets, or goodwill of Party C, and shall promptly take all measures acceptable to Party A to eliminate such adverse conditions or to take effective remedy measures with respect thereto; and

2.1.17 At the request of Party A at any time, Party C shall immediately and unconditionally transfer the Optioned Assets to Party A and/or the Designee according to the Assets Purchase Option hereunder.

2.2 Undertakings of Party B

Party B hereby undertake that:

2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage, pledge, or otherwise dispose of any legal or beneficial interests they held in the equity interests in Party C, or allow the encumbrance thereon of any security interest, except for the pledge imposed on the equity interests in accordance with Party B' Share Pledge Agreement;

2.2.2 Party B shall cause the shareholders' meeting and/or board of directors of Party C not to, without the prior written consent of Party A, grant its approval for selling, transferring, mortgaging, pledging, or otherwise disposing of any legal or beneficial interests held by Party B in the equity interests in Party C, or allowing the encumbrance thereon of any security interest, except for the pledge imposed on the equity interests in accordance with Party B' Share Pledge Agreement;

2.2.3 Party B shall cause the shareholders' meeting or board of directors of Party C not to, without the prior written consent of Party A, grant its approval for combining or merging with any person, for acquiring or investing in any person, or for being acquired by or receiving investments from any person;

2.2.4 Party B shall immediately notify Party A of any actual or possible litigation, arbitration, or administrative proceedings with respect to Party C's equity interests or assets owned by Party B;

2.2.5 Party B shall cause the shareholders' meeting or board of directors of Party C to vote for their approval with respect to the transfer of the Optioned Shares or Optioned Assets set forth in this Agreement, and take any and all other acts that may be requested by Party A;

2.2.6 Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, and file all necessary or appropriate claims or raise necessary or appropriate defenses against all claims to maintain their ownership in the equity interests of Party C;

2.2.7 At the request of Party A, Party B shall appoint any person designated by Party A as the director of Party C;

2.2.8 At the request of Party A at any time, Party B shall immediately and unconditionally transfer all the equity interests they held in Party C to Party A and/or the Designee of Equity according to the Share Purchase Option hereunder, and Party B hereby waive their right of first refusal (if any) over the transfer of shares made by other shareholders of Party C; and

2.2.9 Party B shall strictly abide by the provisions of this Agreement and other agreements executed by Party B and Party C jointly or severally with Party A, perform the obligations under this Agreement and other agreements, and refrain from any act/omission that may affect the validity and enforceability thereof. If Party B have any residual right over the equity interest under this Agreement, under Party B' Share Pledge Agreement executed by the Parties hereto, or under the Power of Attorney granted with Party A as the beneficiary, Party B shall not exercise such right unless instructed by Party A in writing.

3. Representations and Warranties

Party B and Party C hereby jointly and severally represent and warrant to Party A as of the execution date hereof and each date of transfer of the Optioned Shares or Optioned Assets:

3.1 They have the full and independent legal status and legal capacity to execute, deliver, and perform this Agreement, and may sue or be sued as an independent party. Moreover, they have the authority to execute and deliver this Agreement and any Transfer Agreement, and perform their obligations under this Agreement and any Transfer Agreement. Party B and Party C agree to execute the Transfer Agreement consistent with the terms hereof when Party A or the Designee exercises the Share Purchase Option or Assets Purchase Option. This Agreement and the Transfer Agreement to which they are a party constitute or will constitute their lawful, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof;

3.2 The execution and delivery of and the obligations under this Agreement or any Transfer Agreement will not: (i) result in any violation of any applicable laws of China; (ii) conflict with the articles of association, bylaws, or other organizational documents of Party C; (iii) result in violation of any agreement or document to which they are parties or which are binding upon them, or constitute any breach under any agreement or document to which they are parties or which are binding upon them; (iv) result in any violation of any conditions for the granting and/or continuous validity of any license or permit granted to any of them; or (v) result in suspension or revocation of or imposition of additional conditions on any license or permit granted to any of them;

3.3 Party B have good and marketable title to the shares they held in Party C. Party B have not placed any security interests on such shares except for those specified in Party B' Share Pledge Agreement;

3.4 Party C has good and marketable title to all its assets, and has not placed any security interest on such assets;

3.5 Party C has no outstanding debts except for (i) debts incurred during its normal business operation, and (ii) debts that have been disclosed to Party A and agreed by Party A in writing;

3.6 There are no pending or threatened litigation, arbitration, or administrative proceedings related to the equity interests held in Party C, to Party C's assets, or to Party C;

3.7 Except for the share pledge registration with the administration for industry and commerce in accordance with the provisions of Party B' Share Pledge Agreement, the execution and performance of this Agreement and the granting or exercise of the Share Purchase Option or Assets Purchase Option under this Agreement are not subject to the consent, approval, waiver, or authorization of any third party, or the approval, permit, or exempt of any government authority, or the registration or filing formalities with any government authority.

4. <u>Effective Date</u>

This Agreement shall become effective on the date hereof, and remain effective for a term of 10 years, and may be renewed at Party A's election. If Party A elects to renew this Agreement, the renewed validity period shall be decided by Party A, and Party B and Party C shall unconditionally accept such renewal and renewed validity period.

5. <u>Applicable Laws and Dispute Resolution</u>

5.1 Applicable Laws

The execution, effectiveness, construction, performance, modification, and termination of this Agreement, and the resolution of disputes hereunder shall be governed by the laws of China.

5.2 Method of Dispute Resolution

In the event of any dispute arising from the construction and performance of this Agreement, the Parties shall first resolve such dispute through friendly negotiation. If the Parties fail to reach an agreement in resolving such dispute within 30 days after any Party's request to the other Parties for resolution of the dispute through negotiation, any Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration shall be conducted in Beijing, and the language to be used in the arbitration shall be Chinese. The arbitration award shall be final and be binding on all Parties.

6. <u>Taxes and Expenses</u>

Each Party shall, in accordance with the laws of China, pay any and all transfer and registration taxes, expenditures, and expenses incurred by or imposed on such Party with respect to the preparation and execution of this Agreement and the Transfer Agreement and the consummation of the transaction contemplated under this Agreement and the Transfer Agreement.

Notwithstanding any provisions to the contrary, if a tax authority adjusts the tax base on the ground that the Share Purchase Price or Assets Purchase Price is not a reasonable transfer price, the additional taxes shall be borne by Party B (applicable when Party A exercises the Share Purchase Option) or Party C (applicable when Party A exercises the Assets Purchase Option).

7. Notice

7.1 All notices and other communications required or permitted to be given in accordance with this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by commercial courier service, or by facsimile transmission, to the contact address of a Party. With respect to each notice, one confirmation copy shall be sent via email. The date on which such notice is deemed as being effectively delivered 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 delivered on the date of receipt or refusal at the designated receiving address.

7.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 Any Party may change its notice receiving address at any time by sending a notice to other Parties as provided in this article.

8. Confidentiality Obligations

Each Party acknowledges that, any oral or written information exchanged among them with respect to this Agreement shall be confidential information. Each Party shall keep the confidentiality of all such information, and shall not disclose any of the relevant information to any third party prior to the written consent of other Parties, except for the following cases: (a) the public is or will be aware of such information (other than being disclosed to the public by the Party receiving such information); (b) the information is required to be disclosed under applicable laws or the rules or regulations of any securities exchange; or (c) any Party needs to disclose the information to its legal or financial advisors with respect to the transaction contemplated under this Agreement; provided, however, that such legal or financial advisors shall also comply with the confidentiality obligations similar to this Article. The disclosure of any confidential information made by the staff or institution engaged by any Party shall be deemed as the disclosure of such confidential information made by such Party, and such Party shall be held liable for violation of this Agreement. This article shall survive the termination of this Agreement for any reason.

9. **Further Warranties**

The Parties agree to: promptly enter into the documents that are reasonably necessary for or favorable to the performance of the provisions and the objective of this Agreement, and take further measures that are reasonably necessary for or favorable to the performance of the provisions and the objective of this Agreement.

10. **Miscellaneous**

10.1 Amendment, Modification, and Supplement

Any amendment, modification, and supplement made to this Agreement shall be subject to a written agreement executed by the Parties.

10.2 Entire Agreement

Except for the amendment, supplement, or modification made in writing after the execution of this Agreement, this Agreement shall constitute an entire agreement reached by the Parties hereto with respect to the subject matter hereof, and supersede all prior oral and written negotiation, statement, and agreement reached with respect to the subject matter hereof.

10.3 Headings

The headings in this Agreement are provided for the ease of reference only, and shall not be used to interpret, clarify, or otherwise affect the meanings provided in the provisions hereof.

10.4 Language

This Agreement is made in Chinese in four (4) originals, each original shall have the same legal force.

10.5 Severability

If one or more provisions hereof are held to be invalid, illegal, or unenforceable in any aspect under any laws or regulations, the validity, legality, or enforceability of the remaining provisions hereof shall not be affected or compromised in any aspect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with valid 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.

10.6 Assignment

Without the prior written consent of Party A, other Parties shall not assign any rights and/or obligations hereunder to any third party. Party B and Party C agree that, without their consent, Party A has the right to unilaterally assign any of its rights/obligations hereunder to any third party; provided, however, that other Parties shall be notified in writing.

10.7 Successor

This Agreement shall be binding on and inure to the interest of the respective successors of the Parties and the permitted assignees of such Parties.

10.8 Survival

10.8.1 Any obligations that occur or that are due as a result of this Agreement prior to the expiration or early termination of this Agreement shall survive the expiration or early termination of this Agreement.

10.8.2 The provisions of Article 5, Article 7, Article 8, and this Article 10 shall survive the termination of this Agreement.

10.9 Waiver

Any Party may waive the terms and conditions hereof; provided, however, that such waiver shall be made in writing and be signed by the Parties. No waiver made under certain circumstances by any Party with respect to the breach of other Parties shall be deemed as a waiver of such Party with respect to similar breaches under other circumstances.

- *Signature pages below* -

This page is the signature page to the Exclusive Option Agreement.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ WEI Wei____________

There is no text on this page, which is the signature page of the Exclusive Option Agreement.

Party B:

Wei Wei

Signature: /s/ WEI Wei

Chen Bingqing

Signature: /s/ CHEN Bingqing

This page is the signature page to the Exclusive Option Agreement.

Party C:

Pintec Jinke (Beijing) Information Technology Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Technology Information Co., Ltd.

Legal representative: /s/ CHEN Bingqing _______________

Equity Pledge Agreement

This Equity Pledge Agreement (hereinafter referred to as this **"Agreement"**) was entered into by and among the following parties on September 25, 2019 in Beijing China:

Party A: **Pintec (Beijing) Technology Co., Ltd.** (hereinafter referred to as the "Pledgee")

Party B: **Wei Wei**, ID card No.: 130202197312090637;
Chen Bingqing, ID card No.: 620122198411210017;
(Hereinafter collectively referred to as the **"Pledgors"**)

Party C: **Pintec Jinke (Beijing) Information Technology Co., Ltd.**

For the purpose of this Agreement, the Pledgee, Pledgors, and Party C are individually referred to as a **"Party"**, and collectively referred to as the **"Parties"**.

Whereas:

1. The Pledgors collectively hold 100% equity interests in Party C. Party C is a limited liability company registered in Beijing, China engaging in technology development, technology transfer, technology promotion, technical services, and technical consultation; computer system services. (Enterprises can independently choose business projects and carry out business activities in accordance with law; projects subject to approval by law shall be conducted business activities in compliance with the approved contents after approval by relevant departments; enterprises are not allowed to engage in business activities of the projects that are prohibited and restricted by industrial policies in the city.) Party C acknowledges the respective rights and obligations of the Pledgors and the Pledgee hereunder, and agrees to provide any necessary assistance in registering the pledge;

2. The Pledgee is a wholly foreign-owned enterprise registered in Beijing, China. The Pledgee and Party C have entered into the Exclusive Business Cooperation Agreement (hereinafter referred to as the **"Exclusive Business Cooperation Agreement"**) on September 25, 2019; the Pledgors, Party C, and the Pledgee have entered into the Exclusive Option Agreement (hereinafter referred to as the **"Exclusive Option Agreement"**) on September 25, 2019; and the Pledgors have separately entered into the Power of Attorney (hereinafter referred to as the **"Power of Attorney"**, together with the Exclusive Business Cooperation Agreement and the Exclusive Option Agreement, **"Project Agreements"**) with the Pledgee on September 25, 2019;

3. The pledge is intended to: ensure that (A) the Pledgee may receive all due amounts payable by Party C from Party C in accordance with the Exclusive Business Cooperation Agreement, including but not limited to consulting and service fees; (B) the Pledgee can effective exercise its Share Purchase Option and/or Assets Purchase Option under the Exclusive Option Agreement in accordance therewith; and (C) the Pledgee can exercise its voting rights under the Power of Attorney in accordance therewith, and the Pledgors agree to provide the pledge security for the obligations of the Pledgors and Party C under the Project Agreements with all the equity interests they held in Party C.

Now therefore, the Parties mutually agree to execute this Agreement in accordance with the following provisions.

1. Definitions

Unless otherwise provided herein, the following terms shall have the following meanings:

1.1 **“Right of Pledge”** shall mean the security interests granted by the Pledgors to the Pledgee in accordance with Article 2 hereof, that is, the priority of claim for the Pledgee from the transfer, auction, or sale prices of the equity interests.

1.2 **“Pledged Shares”** shall mean all the 100% equity interests held by the Pledgors in Party C, that is, 50.00% equity interests held by Wei Wei, the Pledgors, in Party C, with the amount of secured creditor’s rights reaching 200.00 million Yuan, which have been pledged to the Pledgee. 50.00% equity interests are held by Chen Bingqing, the Pledgors, in Party C, with the amount of secured creditor’s rights reaching 200.00 million Yuan; among them, that 45.00% of equity interests held by Chen Bingqing in Party C with the amount of secured creditor’s rights reaching 180.00 million yuan, has been pledged to the Pledgee; and the rights set forth in Articles 2.3 hereof.

1.3 **“Term of Pledge”** shall mean the term set forth in Article 3 hereof.

1.4 **“Project Agreements”** shall have the meaning assigned in the recital hereof.

1.5 **“Contractual Obligations”** shall mean all the contractual obligations of the Pledgors and Party C under this Agreement and the Project Agreements.

1.6 **“Secured Liabilities”** shall mean the payment and other obligations of Party C under the Exclusive Business Cooperation Agreement, all the direct, indirect, and derivative losses and predictable losses of interests suffered by the Pledgee due to any Event of Default (as defined below) of the Pledgors and/or Party C, the basis for determining the amounts of such losses including but not limited to the reasonable business plan and profit prediction of the Pledgee and the service fees payable by Party C under the Exclusive Business Cooperation Agreement (no less than RMB 400 million Yuan), and all the expenses incurred by the Pledgee in enforcing the Pledgors and/or Company to perform their Contractual Obligations.

1.7 **“Event of Default”** shall mean any circumstance listed in Article 7 hereof.

1.8 **“Notice of Default”** shall mean a notice given by the Pledgee in accordance with this Agreement and specifying an Event of Default.

2. <u>Right of Pledge</u>

2.1 As the security for repaying the Secured Liabilities, the Pledgors hereby pledge all the Pledged Shares to the Pledgee, and Party C hereby consents to the Pledgors for pledging the Pledged Shares to the Pledgee in accordance with the provisions of this Agreement.

2.2 The Pledgors undertake that, they shall be responsible for recording the Equity Pledge arrangement under this Agreement in the register of shareholders of Party C.

2.3 During the Term of Pledge, the Pledgee has the right to receive incomes (including but not limited to any dividends and profits) arising from the Pledged Shares. With the prior written consent of the Pledgee, the Pledgors may get dividends or capital bonuses with respect to the Pledged Shares. The dividends or capital bonuses attributable to the Pledgors on the Pledged Shares shall be deposited in an account designated by the Pledgee, subject to the supervision of the Pledgee, and used first to repay the Secured Liabilities.

3. <u>Term of Pledge</u>

3.1 The Right of Pledge shall become effective when it is registered with the competent administration for industry and commerce (hereinafter referred to as the **“Registration Authority”**) at the place of Party C. The Parties agree that, the Pledgors and Party A shall submit an application for Equity Pledge registration with the Registration Authority within 20 working days from the execution of this Agreement. The Parties further agree that, they shall complete all Equity Pledge registration formalities, obtain the registration notice issued by the Registration Authority, and have the Registration Authority fully and accurately record the Equity Pledge matter in the Equity Pledge register within 20 working days from the date when the Registration Authority officially accepts the application for Equity Pledge registration.

3.2 This Agreement shall be valid until the Contractual Obligations are performed in full or the Secured Liabilities are paid off in full.

4. <u>Retention of Share Records</u>

During the Term of Pledge set forth in this Agreement, the Pledgors shall hand over the register of shareholders, containing the Right of Pledge, to the Pledgee within one week from the execution of this Agreement. The Pledgee shall retain such document throughout the entire Term of Pledge set forth in this Agreement.

5. **<u>Representations and Warranties of the Pledgors</u>**

5.1 The Pledgors are a Chinese citizen/legal person with full capacity of disposition, and have lawful rights and capabilities to execute this Agreement and undertake the legal obligations in accordance with this Agreement. This Agreement, once duly executed by the Pledgors, constitutes lawful, valid, and binding obligations of the Pledgors.

5.2 The Pledgors are the only legal and beneficiary owners of the shares free from any dispute with respect to the ownership of the Pledged Shares. The Pledgors have the right to dispose of the Pledged Shares or any part thereof.

5.3 Except for the Right of Pledge, the Pledgors have not placed any other security interests or other encumbrances on the shares.

5.4 The consent, approval, waiver, or authorization of any third party, or the approval, permit, or exempt of any government authority, or the registration or filing formalities with any government authority (if required by law) for the execution and performance of this Agreement and the pledge of the shares under this Agreement have been obtained or completed (except for the pledge registration with the registration authority), and will be fully valid during the term of this Agreement.

5.5 The Pledgors hereby undertake to the Pledgee that, the representations and warranties above will all be true and accurate and be fully complied with under any circumstance and at any time before the Contractual Obligations are performed in full or the Secured Liabilities are discharged in full.

6. **Undertakings and Further Consents of the Pledgors**

6.1 During the term of this Agreement, the Pledgors hereby undertake to the Pledgee that, the Pledgors shall:

6.1.1 Except for performing the Exclusive Option Agreement, without the prior written consent of the Pledgee, not transfer the shares, or impose or allow the imposition of any security interests or other encumbrances that may affect the rights and interests of the Pledgee in the shares;

6.1.2 Immediately notify the Pledgee of any event or notice received by the Pledgors that may affect the Pledgee’s rights over the shares or any part thereof, and any event or notice received by the Pledgors that may affect any warranties and other obligations of the Pledgors arising from this Agreement.

6.2 The Pledgors acknowledge that, the rights obtained by the Pledgee under this Agreement over the Right of Pledge shall not be suspended or compromised via legal proceedings by the Pledgors, any successor or representative of the Pledgors, or any other person.

6.3 The Pledgors hereby undertake to the Pledgee that, they shall abide by and perform all the warranties, undertakings, agreements, representations, and conditions under this Agreement. In the event of failure in performing or partial performance by the Pledgors of their warranties, undertakings, agreements, representations, and conditions, the Pledgors shall compensate the Pledgee for all losses arising therefrom.

6.4 The Pledgors hereby waive the right of first refusal that they may be entitled to when the Pledgee exercises the Right of Pledge.

7. <u>Event of Default</u>

7.1 The following circumstances shall be deemed as Events of Default:

7.1.1 Party C fails to fully pay the consulting and service fees payable under the Exclusive Business Cooperation Agreement, or is in violation of any other obligations of Party C thereunder;

7.1.2 Party C or the Pledgors are in violation of other Project Agreements;

7.1.3 Any representations or warranties made by the Pledgors in Article 5 hereof contain serious misstatements or errors, and/or the Pledgors are in violation of any warranties in Article 5 hereof, or the Pledgors are in violation of the undertakings or further consents in Article 6 hereof;

7.1.4 The Pledgors and Party C fail to complete the registration with the registration authority for the pledge of shares in accordance with the provisions of Article 3.1;

7.1.5 The Pledgors or Party C is in violation of other provisions of this Agreement;

7.1.6 Except as expressly provided in Article 6.1.1, the Pledgors transfer or attempt to transfer or abandon the Pledged Shares, or assign the Pledged Shares without the written consent of the Pledgee;

7.1.7 The loans, warranties, compensation, undertakings, or other liabilities of the Pledgors *per se* to any third party (1) are required to be paid or performed in advance due to defaults of the Pledgors, or (2) become due but cannot be repaid or performed as scheduled;

7.1.8 Any approval, license, permit, or authorization of a government authority for this Agreement to be enforceable, legal, and valid is revoked, suspended, invalidated, or substantially changed;

7.1.9 The promulgation of applicable laws renders this Agreement illegal, or causes the Pledgors cannot continue to perform their obligations hereunder;

7.1.10 The properties owned by the Pledgors experience such adverse changes that the Pledgee considers that the capabilities of the Pledgors for performing their obligations hereunder have been affected;

7.1.11 The successor or trustee of Party C is capable of performing only a part of or rejects to perform the payment obligations under the Exclusive Business Cooperation Agreement or Exclusive Option Agreement; and

7.1.12 There are other circumstances resulting in that the Pledgee cannot or may not exercise its rights over the Right of Pledge.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Article 7.1, the Pledgors shall immediately notify the Pledgee in writing accordingly.

7.3 Unless the Event of Default listed in this Article 7.1 has been resolved to the satisfaction of the Pledgee, the Pledgee may send a Notice of Default to the Pledgors upon the occurrence of the Event of Default or at any time after the occurrence thereof, requiring the Pledgors to immediately pay all outstanding amounts that are due and payable under the Project Agreements and all other amounts due and payable to the Pledgee, and/or dispose of the Right of Pledge in accordance with the provisions of Article 8 hereof.

8. Exercising the Right of Pledge

8.1 Before the Secured Liabilities are repaid in full, without the written consent of the Pledgee, the Pledgors shall not transfer the Right of Pledge or their shareholding in Party C, or further pledge the shares to any third person.

8.2 The Pledgee may send a Notice of Default to the Pledgors when exercising the Right of Pledge.

8.3 Subject to the provisions of Article 7.3, the Pledgee may exercise the Right of Pledge at the same time of sending the Notice of Default in accordance with Article 7.2, or exercise the Right of Pledge at any time after the Notice of Default is sent.

8.4 The Pledgee has priority of claim to the transfer, auction, or sale prices of all or a part of shares pledged hereunder in accordance with statutory proceedings, until all the outstanding amounts due and payable under the Project Agreements and all other payments due and payable to the Pledgee are paid off in full.

8.5 When the Pledgee disposes of the Right of Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance so that the Pledgee may exercise the Right of Pledge as provided in this Agreement.

9. <u>Transfer</u>

9.1 Without the prior written consent of the Pledgee, the Pledgors shall not transfer or assign their rights and obligations hereunder. However, the Pledgee may transfer or assign its rights and obligations hereunder at any time without the consent of the Pledgors or Party C, but shall notify the Pledgors and Party C within a reasonable duration.

9.2 This Agreement shall be binding on the Pledgors and their successors and permitted assignees, and shall be valid with respect to the Pledgee and each of its successors and assignees.

9.3 The Pledgee may transfer any and all of its rights and obligations under the Project Agreements and/or this Agreement to its designated person (natural person/legal person) at any time; under such circumstances, the transferee shall enjoy and undertake the rights and obligations same as those of the Pledgee hereunder as if the transferee is an original party to this Agreement. When the Pledgee transfers the rights and obligations under the Project Agreements, at the request of the Pledgee, the Pledgors shall execute relevant agreements or other documents related to such transfer.

9.4 In the event of changes to the Pledgee due to transfer, at the request of the Pledgee, the Pledgors shall enter into a new Pledge Agreement with the new pledgee on the terms and conditions same as those in this Agreement, and execute amended relevant documents including the Business Cooperation Agreement, Exclusive Option Agreement, and Power of Attorney.

9.5 The Pledgors shall strictly abide by the provisions of this Agreement and other agreements jointly or severally executed by all Parties hereto or any Party hereto, including the Exclusive Business Cooperation Agreement, Exclusive Option Agreement, and the Power of Attorney granted to the Pledgee, perform the obligations under this Agreement and other agreements, and refrain from act/omission that may affect the validity and enforceability of this Agreement and other agreements. Except as expressly instructed in writing by the Pledgee, the Pledgors shall not exercise any of its residual rights over the shares pledged hereunder.

10. Termination and Release of Pledge

After the Pledgors and Party C fully and completely perform all Contractual Obligations and discharge all Secured Liabilities, the Pledgee shall, at the request of the Pledgors, release the Equity Pledge under this Agreement as soon as practical, and cooperate with the Pledgors in deregistering the Equity Pledge recorded in the register of shareholders of Party C and the pledge deregistration with the Registration Authority.

11. Handling Fees and Other Expenses

All expenses and actual expenditures in connection with this Agreement, including but not limited to attorney's fees, costs of production, stamp duties, and any other taxes and expenses, shall be borne by Party C. If the Pledgee is required to bear some relevant taxes and expenses under applicable laws, the Pledgors shall cause Party C to repay the Pledgee in full for the taxes and expenses paid accordingly.

12. Confidentiality Obligations

The Parties acknowledge that, any oral or written information exchanged among them with respect to this Agreement shall be confidential information. Each Party shall keep the confidentiality of all such information, and shall not disclose any of the relevant information to any third party prior to the written consent of other Parties, except for the following cases: (a) the public is or will be aware of such information (other than being disclosed to the public by the Party receiving such information); (b) the information is required to be disclosed under applicable laws or the rules or regulations of any securities exchange; or (c) any Party needs to disclose the information to its legal or financial advisors with respect to the transaction contemplated under this Agreement; provided, however, that such legal or financial advisors shall also comply with the confidentiality obligations similar to this Article. The disclosure of any confidential information made by the staff or institution engaged by any Party shall be deemed as the disclosure of such confidential information made by such Party, and such Party shall be held liable for violation of this Agreement. This article shall survive the termination of this Agreement for any reason.

13. Applicable Laws and Dispute Resolution

13.1 The execution, validity, construction, and performance of this Agreement and the resolution of disputes under this Agreement shall be governed by the laws of China.

13.2 In the event of any dispute arising from the construction and performance of the provisions of this Agreement, the Parties shall first resolve such dispute in good faith. If the Parties fail to reach an agreement in resolving such dispute within 30 days after any Party's request to the other Parties for resolving the dispute through negotiation, any Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration shall be conducted in Beijing, and the language to be used in the arbitration shall be Chinese. The arbitration award shall be final and be binding on all Parties.

13.3 In the event of any dispute arising from the interpretation and performance of this Agreement or during the arbitration of any dispute, except of the matters in dispute, the Parties hereto shall continue to exercise their respective other rights under this Agreement and perform their respective other obligations under this Agreement.

14. Notice

14.1 All notices and other communications required or permitted to be given in accordance with this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by commercial courier service, or by facsimile transmission, to the contact address of a Party. With respect to each notice, one confirmation copy shall be sent via email. The date on which such notice is deemed as being effectively delivered shall be determined as follows:

14.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed as effectively delivered on the date of receipt or refusal at the designated receiving address.

14.3 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).

14.4 Any Party may change its notice receiving address at any time by sending a notice to other Parties as provided in this article.

15. Severability

If one or more provisions hereof are held to be invalid, illegal, or unenforceable in any aspect under any laws or regulations, the validity, legality, or enforceability of the remaining provisions hereof shall not be affected or compromised in any aspect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with valid 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.

16. Appendix

The appendix listed herein is an integral part of this Agreement.

17. Validity

17.1 This Agreement shall become effective on the date when the Parties execute this Agreement. Any amendment, modification, and supplement to this Agreement shall be made in writing, and shall become effective after the Parties sign or affix their stamps to the same and complete the government registration procedure (if applicable).

17.2 This Agreement is written in Chinese and made in four (4) originals. Each original of this Agreement shall have the same force.

17.3 If the version of the Equity Pledge Agreement submitted to the Bureau of Industry and Commerce is inconsistent with that of this Agreement, this Agreement shall prevail.

- *Signature pages below* -

There is no text on this page, which is the signature page of the Equity Pledge Agreement.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ WEI Wei___________________

There is no text on this page, which is the signature page of the Equity Pledge Agreement.

Party B:

Wei Wei

Signature: /s/ WEI Wei

Chen Bingqing

Signature: /s/ CHEN Bingqing

There is no text on this page, which is the signature page of the Equity Pledge Agreement.

Party C:

Pintec Jinke (Beijing) Information Technology Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Information Technology Co., Ltd.

Legal representative: /s/ CHEN Bingqing ________________

Appendix

Register of Shareholders of Pintec Jinke (Beijing) Information Technology Co., Ltd.

September 25, 2019

Investment Certificate No.	Name of Shareholder	Address	Contribution Amount (Ten thousands)	Capital Contribution
01	Wei Wei	Room 602, Gate 1, Building 7, Linlan Garden, No. 1 Xindian Road, Chaoyang District, Beijing	20,000	Ratio of investments: 50.00% The 50.00% equity interests have been fully pledged to Pintec (Beijing) Technology Co., Ltd.
02	Chen Bingqing	No. 905, No. 122 Yanchang Road, Chengguan District, Lanzhou City, Gansu Province	20,000	Ratio of investments: 50.00% The 50.00% equity interests have been fully pledged to Pintec (Beijing) Technology Co., Ltd.

Company:

Pintec Jinke (Beijing) Information Technology Co., Ltd. (Stamp)

Legal representative:

Exhibit 4.11

Power of Attorney

This Power of Attorney (hereinafter referred to as this **"Agreement"**) was entered into by and between the following Parties on September 25, 2019 in Beijing, China:

Party A: **Pintec (Beijing) Technology Co., Ltd.**

Party B: **Wei Wei,** ID card No.: 130202197312090637

In this Agreement, Party A and Party B are individually referred to as a **"Party"** and collectively as the **"Parties"**.

Whereas:

Party B holds 50.00% equity interests in Pintec Jinke (Beijing) Information Technology Co., Ltd. (**"Chinese Company"**) (**"Party B's Shares"**).

Now therefore, the Parties reached the following agreement through negotiation:

With respect to Party B's Shares, Party B hereby irrevocably authorizes Party A to exercise the following rights during the term of this Agreement:

Party A is hereby authorized to act on behalf of Party B as the only agent and attorney of Party B with respect to all matters concerning Party B's Shares, including but not limited to: 1) attending the shareholders' meetings of the Chinese Company; 2) exercising all the shareholder's rights and shareholder voting rights entitled to Party B under Chinese laws and the articles of association of the Chinese Company, including but not limited to the sale, transfer, pledge, or disposal of a part of or all Party B's Shares; and 3) designating and appointing the legal representative (chairman), director, supervisor, chief executive officer, and other senior officers of the Chinese Company on behalf of Party B.

Without limiting the generality of the power granted under this Agreement, Party A shall, in accordance with this Agreement, have the power and be authorized to enter into the Transfer Agreement set forth in the Exclusive Option Agreement (Party B is required to be a party thereto) on behalf of Party B, and perform the provisions of the Share Pledge Agreement and Exclusive Option Agreement to which Party B is a party and which are executed on the same date as this Agreement.

All acts conducted by Party A concerning Party B's Shares shall be deemed as the acts of Party B *per se*, and all documents executed by Party A concerning Party B's Shares shall be deemed as being executed by Party B. Party B hereby acknowledges and approves such acts and/or documents of Party A.

Party A has the right to, at its sole discretion, grant or transfer the rights concerning the matters above to any other person or entity without prior notice to Party B or the consent of Party B.

During the period when Party B is a shareholder of the Chinese Company, this Agreement and the entrustment as accompanied equities hereunder shall be irrevocable and shall remain in force from the execution date of this Agreement.

During the term of this Agreement, Party B hereby waives all the rights concerning Party B's Shares that are granted to Party A via this Agreement, and shall not exercise such rights by itself.

If, at any time during the term of this Agreement, the granting or exercise of the rights granted hereunder cannot be achieved for any reason, the Parties shall immediately seek an alternative plan which is most similar to the unenforceable provisions and, if necessary, enter into a supplementary agreement to amend or adjust the provisions herein, so as to ensure the achievement of the purpose hereof.

The execution, validity, performance, amendment, construction, and termination of this Agreement shall be governed by the laws of China.

In the event of any dispute arising from the construction and performance of this Agreement, the Parties shall first resolve such dispute through friendly negotiation. If the Parties fail to reach an agreement in resolving such dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiation, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration shall be conducted in Beijing, and the language to be used in the arbitration shall be Chinese. The arbitration award shall be final and be binding on the Parties.

This Agreement is made in Chinese in two originals, each Party holds one original, and each original shall have the same legal force.

- No text below -

There is no text on this page, which is the signature page of the Power of Attorney.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ WEI Wei_______________

Party B:

Wei Wei

Signature: /s/ WEI Wei_________________________

Power of Attorney

This Power of Attorney (hereinafter referred to as this **"Agreement"**) was entered into by and between the following Parties on September 25, 2019 in Beijing, China:

Party A: **Pintec (Beijing) Technology Co., Ltd.**

Party B: **Chen Bingqing**, ID card No.: 620122198411210017

In this Agreement, Party A and Party B are individually referred to as a **"Party"** and collectively as the **"Parties"**.

Whereas:

Party B holds 50.00% equity interests in Pintec Jinke (Beijing) Information Technology Co., Ltd. (**"Chinese Company"**) (**"Party B's Shares"**).

Now therefore, the Parties reached the following agreement through negotiation:

With respect to Party B's Shares, Party B hereby irrevocably authorizes Party A to exercise the following rights during the term of this Agreement:

Party A is hereby authorized to act on behalf of Party B as the only agent and attorney of Party B with respect to all matters concerning Party B's Shares, including but not limited to: 1) attending the shareholders' meetings of the Chinese Company; 2) exercising all the shareholder's rights and shareholder voting rights entitled to Party B under Chinese laws and the articles of association of the Chinese Company, including but not limited to the sale, transfer, pledge, or disposal of a part of or all Party B's Shares; and 3) designating and appointing the legal representative (chairman), director, supervisor, chief executive officer, and other senior officers of the Chinese Company on behalf of Party B.

Without limiting the generality of the power granted under this Agreement, Party A shall, in accordance with this Agreement, have the power and be authorized to enter into the Transfer Agreement set forth in the Exclusive Option Agreement (Party B is required to be a party thereto) on behalf of Party B, and perform the provisions of the Share Pledge Agreement and Exclusive Option Agreement to which Party B is a party and which are executed on the same date as this Agreement.

All acts conducted by Party A concerning Party B's Shares shall be deemed as the acts of Party B *per se*, and all documents executed by Party A concerning Party B's Shares shall be deemed as being executed by Party B. Party B hereby acknowledges and approves such acts and/or documents of Party A.

Party A has the right to, at its sole discretion, grant or transfer the rights concerning the matters above to any other person or entity without prior notice to Party B or the consent of Party B.

During the period when Party B is a shareholder of the Chinese Company, this Agreement and the entrustment as accompanied equities hereunder shall be irrevocable and shall remain in force from the execution date of this Agreement.

During the term of this Agreement, Party B hereby waives all the rights concerning Party B's Shares that are granted to Party A via this Agreement, and shall not exercise such rights by itself.

If, at any time during the term of this Agreement, the granting or exercise of the rights granted hereunder cannot be achieved for any reason, the Parties shall immediately seek an alternative plan which is most similar to the unenforceable provisions and, if necessary, enter into a supplementary agreement to amend or adjust the provisions herein, so as to ensure the achievement of the purpose hereof.

The execution, validity, performance, amendment, construction, and termination of this Agreement shall be governed by the laws of China.

In the event of any dispute arising from the construction and performance of this Agreement, the Parties shall first resolve such dispute through friendly negotiation. If the Parties fail to reach an agreement in resolving such dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiation, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration shall be conducted in Beijing, and the language to be used in the arbitration shall be Chinese. The arbitration award shall be final and be binding on the Parties.

This Agreement is made in Chinese in two originals, each Party holds one original, and each original shall have the same legal force.

- No text below -

There is no text on this page, which is the signature page of the Power of Attorney.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ WEI Wei

Party B:

Chen Bingqing

Signature: /s/ CHEN Bingqing

Share Transfer Agreement

on

Shenzhen Xinyuhao Technology Co., Ltd.

among

Jianianhua (Tianjin) Information Technology Co., Ltd.

and

Anquying (Tianjin) Technology Co., Ltd.,

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

(month) (day), 2019

Share Transfer Agreement

This Share Transfer Agreement (this “Agreement”) was entered into on December 20, 2019 in Chaoyang District, Beijing by and between:

Transferor:

Jianianhua (Tianjin) Information Technology Co., Ltd., a limited liability company incorporated in Tianjin under the laws of the People’s Republic of China (hereinafter referred to as “Jianianhua” or the “Transferor”);

Transferees:

Anquying (Tianjin) Technology Co., Ltd., a limited liability company incorporated in Tianjin under the laws of the People’s Republic of China (hereinafter referred to as “Anquying” or the “Transferee 1”);

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd., a limited liability company incorporated in Yunnan under the laws of the People’s Republic of China (hereinafter referred to as “Zhongzhiyuan” or the “Transferee 2”);

The Transferor and Transferees above are referred to collectively as the “Parties” and individually as a “Party.”

Whereas:

1. **Shenzhen Xinyuhao Technology Co., Ltd.** (hereinafter referred to as “Xinyuhao” or the “Company”) is a limited liability company incorporated in Shenzhen in accordance with the laws of the People’s Republic of China and has the registered capital of RMB 500,000 Yuan, while Jianianhua holds 100% equity interests in the Company.
2. Under the conditions and terms provided herein, Jianianhua agrees to transfer 100% equity interests (hereinafter referred to as the “Target Shares”) it holds in the Company to the Transferees, including transferring 40% equity interests it holds in the Company to Anquying, and transferring 60% equity interests it holds in the Company to Zhongzhiyuan, and the Transferees agree to purchase the Target Shares from Jianianhua.

The Parties reached the following agreement for mutual compliance through friendly negotiation in accordance with the provisions of the relevant laws and regulations of the People's Republic of China.

Article 1 Transfer of Shares

1. Jianianhua intends to transfer 40% equity interests in the Company to Anquying at the share transfer price of RMB [80,000] Yuan, and transfer 60% equity interests in the Company to Zhongzhiyuan at the share transfer price of RMB [120,000] Yuan; the total transfer price is RMB [200,000] yuan (hereinafter referred to as the "Total Share Transfer Price").

2. After the share transfer is completed, the shareholding structure of the Company is as follows:

Name of Shareholder	Contribution Amount (RMB Ten thousands Yuan)	Contribution Ratio (%)
Anquying (Tianjin) Technology Co., Ltd.	20	40
Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.	30	60
Total	50	100

Article 2 Payment and Relevant Arrangement

1. The Parties shall separately negotiate about the specific time and method of payment.

2. The Transferor and the Transferee agree that, the obligations of the Transferees to pay the share transfer price in full hereunder are completely fulfilled once the Transferees make payment for the share transfer price in accordance with the payment arrangement separately agreed upon between the Parties.

Article 3 Modification Registration and Filing with the Administration for Industry and Commerce

1. The Transferor and Transferees shall complete the formalities for the registration of modification with the administration for industry and commerce for the share transfer within 20 working days from the execution of this Agreement, for which the Parties shall cooperate with each other in providing relevant information. If the formalities for the registration of modification with the administration for industry and commerce cannot be completed within the time limit above due to changes in the relevant modification procedure or policy of the administration for industry and commerce, both the Transferor and the Transferees acknowledge to automatically extend the time limit to the time when such formalities are completed; if the formalities for the registration of modification with the administration for industry and commerce cannot be completed due to changes in the policy of the administration for industry and commerce, neither the Transferor nor the Transferees shall be held liable, and this Agreement shall be rescinded.

2. As from the date when the registration of modification with the administration for industry and commerce is completed, the Transferees shall be entitled to and liable for the rights and obligations related to all the assets and liabilities of the Company in proportion to their shareholding ratios.

3. The Transferees shall pay their contributions to the Company in full in proportion to their contribution ratios within 20 working days from the date when the registration of modification with the administration for industry and commerce is completed for the share transfer.

Article 4 Representations and Warranties of the Transferor

The Transferor makes the following representations and warranties to the Transferees, and undertakes that the following representations and warranties are true, accurate, and complete as of the execution date of this Agreement:

1. The Company is a limited company duly established and validly existing under the laws of its place of registration; the Transferor is a lawful holder of the Target Shares.

2. The Transferor, on a voluntary basis, has the full rights and authorities to enter into and perform this Agreement and complete the transaction contemplated hereunder. The Transferor shall obtain the lawful and valid authorization for all necessary acts taken for this Agreement and all the transactions contemplated hereunder. This Agreement constitutes lawful, valid, and binding obligations of the Transferor.

3. The execution and performance of this Agreement is not in contradiction or conflict with the prevailing Articles of Association of the Company, the laws, regulations, and administrative orders of government authorities applicable to the Transferor, or other agreements or legal documents to which the Transferor is a party.

4. Prior to the date when the registration of modification with the administration for industry and commerce is completed for the share transfer, Jianianhua, as a shareholder holding 100% equity interests in the Company, shall be fully liable for the operating risks and debts, etc. of the Company.

5. The Transferees shall be exempted from any obligations, liabilities, or losses for the Company's acts in violation of laws or agreements (including but not limited to acts in violation of regulatory regulations and relevant provisions on the administration for industry and commerce, tax, labor, etc.) and the Company's debts and liabilities existing prior to the date of the registration of modification with the administration for industry and commerce for the share transfer (such acts in violation of laws or agreements and such debts and liabilities are collectively referred to as "Liabilities Prior to AIC Modification Registration"). Jianianhua undertakes that, if the Company is held liable for any obligations, liabilities, or losses on the ground of the foregoing liabilities, Jianianhua shall address such liabilities and compensate the Company for its losses.

Article 5 Representations and Warranties of Anquying

Anquying makes the following representations and warranties to Jianianhua, and undertakes that the following representations and warranties are true, accurate, and complete as of the execution date of this Agreement and from the execution date of this Agreement to the date of payment:

1. Anquying is a limited liability company duly established and validly existing under the laws of its place of domicile.

2. Anquying, on a voluntary basis, has the full rights and authorities to enter into and perform this Agreement and complete the transaction contemplated hereunder. Anquying has been lawfully and validly authorized to enter into this Agreement. This Agreement constitutes lawful, valid, and binding obligations of Anquying.

3. Anquying shall provide necessary documents and take necessary measures to assist the Company in obtaining all the government approvals, consents, permits, registration, and filing required under this Agreement or required for fully performing this Agreement.

4. After the registration of modification with the administration for industry and commerce is completed, Anquying shall bear the liabilities and enjoy the rights as a shareholder in proportion to its shareholding ratio in accordance with the provisions of the Company Law; and Anquying shall be correspondingly liable for the obligations, liabilities, or losses for the Company's acts in violation of laws or agreements (including but not limited to acts in violation of regulatory regulations and relevant provisions on the administration for industry and commerce, tax, labor, etc.) and the Company's debts and liabilities after the registration of modification with the administration for industry and commerce is completed.

Article 6 Representations and Warranties of Zhongzhiyuan

Zhongzhiyuan makes the following representations and warranties to Jianianhua, and undertakes that the following representations and warranties are true, accurate, and complete as of the execution date of this Agreement and from the execution date of this Agreement to the date of payment:

1. Zhongzhiyuan is a limited liability company duly established and validly existing under the laws of its place of domicile.

2. Zhongzhiyuan, on a voluntary basis, has the full rights and authorities to enter into and perform this Agreement and complete the transaction contemplated hereunder. Zhongzhiyuan has been lawfully and validly authorized to enter into this Agreement. This Agreement constitutes lawful, valid, and binding obligations of Zhongzhiyuan.

3. Zhongzhiyuan shall provide necessary documents and take necessary measures to assist the Company in obtaining all the government approvals, consents, permits, registration, and filing required under this Agreement or required for fully performing this Agreement.

4. After the registration of modification with the administration for industry and commerce is completed, Zhongzhiyuan shall bear the liabilities and enjoy the rights as a shareholder in proportion to its shareholding ratio in accordance with the provisions of the *Company Law*; and Zhongzhiyuan shall be correspondingly liable for the obligations, liabilities, or losses for the Company's acts in violation of laws or agreements (including but not limited to acts in violation of regulatory regulations and relevant provisions on the administration for industry and commerce, tax, labor, etc.) and the Company's debts and liabilities after the registration of modification with the administration for industry and commerce is completed.

Article 7 Taxes and Charges

The Parties to the transaction shall bear their respective taxes and charges (such as income taxes and stamp duties) related to the share transfer in accordance with law.

Article 8 Rescission and Termination

1. This Agreement may be rescinded upon the occurrence of any of the following:

   (1) The Parties hereto both agree, in writing, to rescind this Agreement.

   (2) A statutory force majeure event occurs, preventing the Parties from performing this Agreement or achieving the objective of this Agreement.

   (3) The Transferor materially violates any representation or warranty made in Article 4 hereof, or the representations and warranties are untrue, in which case either Transferee may unilaterally terminate this Agreement by sending a written notice.

   (4) The Transferees materially violate any representation or warranty made in Article 5 and Article 6 hereof, or the representations and warranties are untrue, in which case the Transferor may unilaterally terminate this Agreement by sending a written notice.

2. Effects of rescission and termination:

(1) The rights and obligations hereunder are terminated once this Agreement is rescinded or terminated in accordance with any of the foregoing provisions.

(2) After this Agreement is rescinded or terminated, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, refund the amounts (if any) obtained from the other Party under this Agreement, return the shares received under this Agreement, and restore the state prior to the execution of this Agreement.

(3) If, by reason of the Transferor, the Company fails to complete the registration of modification with the administration for industry and commerce within 20 working days for the share transfer, or the objective of this Agreement cannot be achieved, or Jianianhua violates the provisions of Article 2 hereof, either Transferee may unilaterally terminate this Agreement. Meanwhile, Jianianhua shall be liable for the direct economic losses (if any) caused to the Transferees.

(4) If, by reason of the Transferees, the Company fails to complete the registration of modification with the administration for industry and commerce within 20 working days for the share transfer, or the objective of this Agreement cannot be achieved, or the Transferees violate the provisions of Article 2 hereof, Jianianhua may unilaterally terminate this Agreement. Meanwhile, the Transferees shall, in proportion to the shares to be purchased, be liable for the direct economic losses (if any) caused to Jianianhua.

(5) After this Agreement is rescinded or terminated, unless otherwise provided herein, all the rights and obligations of the Parties hereunder shall be immediately terminated, and neither Party has any other claim against the other Party under this Agreement or on the ground of the rescission of this Agreement except for the liabilities to be borne in accordance with the provisions of Items (3) and (4) of Paragraph 2 of Article 8 hereof.

Article 9 Confidentiality

1. Unless otherwise provided herein, the Parties hereto shall make their best efforts to keep the confidentiality of any technical or business information ("Confidential Information") in any form of the other Party obtained by performing this Agreement, such information including but not limited to any content hereof and other possible cooperation and transactions between the Parties. Any Party shall restrict such information only to its employees, agents, contractors, suppliers, etc. that are required to know such information for properly performing the obligations hereunder.

2. The party obtaining Confidential Information shall not engage in transactions of assets, stocks, or valuable securities related to the other party or the affiliate of the other party by using the non-public information it obtained about the other party or the affiliate of the other party.

3. The limit above is not applicable to:

   (1) Information generally available to the public at the time of disclosure;

   (2) Information that becomes generally available to the public after the disclosure not due to the faults of the receiving party;

   (3) Information proven to be in possession of the receiving party prior to the disclosure instead of being obtained, directly or indirectly, from the other party; or

   (4) Confidential Information that any Party is obliged to disclose to relevant government authority or stock exchange under the requirements of government laws and regulations or stock exchange rules, or that is disclosed by any Party to its direct legal advisers and financial advisers as required by normal business operation.

4. Any Party hereto shall instruct its directors, senior officers, and other employees, and the directors, senior officers, and other employees of its affiliate to abide by the confidentiality obligations.

Article 10 Liabilities for Breach of Agreement and Indemnity

Any Party in breach of this Agreement shall be liable for compensating the other Party for all its actual and direct losses caused by such breach. The breaching party shall indemnify, hold harmless, and pay relevant amounts for the non-breaching party and their respective right and obligation successors, affiliates, and representatives (collectively, "Indemnified Party") under the following circumstances: (a) the breaching party breaches any representation or warranty it made in this Agreement, or its representations and warranties are untrue; and (b) the breaching party breaches or fails to fully perform the promises, agreements, warranties, or obligations hereunder except for those exempted by the other Party in writing. The breaching party shall compensate the Indemnified Party for its direct losses (including investigation and defense expenses, and reasonable attorney's fees) caused by the foregoing circumstances.

Article 11 Applicable Law and Dispute Resolution

1. Applicable law: This Agreement is governed by the laws of China.

2. Dispute resolution: Any dispute arising from or in connection with this Agreement shall be solved by the Parties through friendly negotiation. If the negotiation fails, either Party may submit the dispute to a competent people's court at the place of execution for resolution via litigation.

Article 12 Mailing Addresses and Mode of Service

Jianianhua (Tianjin) Information Technology Co., Ltd.:

Mailing address: Room 255-14 (Centralized Office Zone), Building 13, No. 2, Hongwang Road, Jingjin E-commerce Industrial Park, Wuqing District, Tianjin

Attention:

Anquying (Tianjin) Technology Co., Ltd.:

Mailing address: Pintec Group, Heng'an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention:

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

Mailing address: No. 225, Guangfu Road, Kunming City, Yunnan Province

Attention:

The mailing addresses above are the addresses for each Party to receive the documents from the other Party, and any Party shall immediately notify the other Party of its new mailing address in the event of changes to its mailing address. If a document mailed by a party to the other party according to the address above cannot be served by reason of any change in the address of the other party, the mailing party may deem the document as served and received by the other party from the 3 days after the mailing date.

Article 13 Miscellaneous

1. Any modification to this Agreement shall be made as a written agreement signed by the duly authorized representatives of the Parties, and shall be an integral part of this Agreement.
2. Headings: The headings contained herein are for reference only without affecting the meanings or interpretation of this Agreement by any means.
3. If any one or more provisions hereof, or any one or more legal documents related to the share transfer are held invalid, illegal, or unenforceable under any relevant laws:
   (1) The validity, legality, and enforceability of other provisions hereof shall not be affected or damaged but shall be fully valid, and except for the agreements that are held as invalid, illegal, or unenforceable, the validity, legality, and enforceability of other agreements related to the share transfer shall not be affected or damaged but shall be fully valid;
   (2) The Parties shall immediately replace such invalid, illegal, or unenforceable provisions or agreements with valid, legal, and enforceable provisions or agreements with the intention closest to that of the invalid, illegal, or unenforceable provisions or agreements.
4. This Agreement is made in four originals, each Party holding one original.
5. This Agreement shall become effective after being signed by the legal representatives or duly authorized representatives of the Parties and being affixed with their official stamps.

(No text below; signature page follows)

[This page contains no text, but is the signature page to the Share Transfer Agreement]

Transferor:

Jianianhua (Tianjin) Information Technology Co., Ltd. (Official stamp)

/s/ Jianianhua (Tianjin) Information Technology Co., Ltd.

Legal representative: /s/ HUANG Zexiong_____________

Transferee 1:

Anquying (Tianjin) Technology Co., Ltd. (Official stamp)

/s/ Anquying (Tianjin) Technology Co., Ltd.

Legal representative: /s/ WEI Wei______________________

Transferee 2:

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd. (Official stamp)

/s/ Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

Legal representative: /s/ ZHANG Chenli_________________

Exhibit 4.45

Capital Increase Agreement

on

Shenzhen Xinyuhao Technology Co., Ltd.

between

Anquying (Tianjin) Technology Co., Ltd.

and

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

[month] [day], 2019

This Capital Increase Agreement (hereinafter referred to as this "Agreement") was entered into by and among the following parties on (month) (day), (year) in Beijing, China:

Shenzhen Xinyuhao Technology Co., Ltd. ("Xinyuhao"), a limited liability company established and existing under the laws of China, with its registered address at 19D, Building B, Haoming Fortune Plaza, Shennan Road, Xiangmihu Subdistrict, Futian District, Shenzhen City (hereinafter referred to as the "Target Company");

Shenzhen Guoyu Commercial Factoring Co., Ltd. ("Guoyu Factoring"), a limited liability company established and existing under the laws of China, with its registered address at 605 Bike Technology Building, No. 9, Keyan Road, Yuehai Subdistrict, Nanshan District, Shenzhen City (hereinafter referred to as the "Subsidiary");

Anquying (Tianjin) Technology Co., Ltd. ("Anquying"), a limited liability company established and existing under the laws of China, with its registered address at Room 205, Building 4, No. 2, Hongwang Road, Jingjin E-commerce Industrial Park, Wuqing District, Tianjin (hereinafter referred to as the "Existing Shareholder 1");

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd. ("Zhongzhiyuan"), a limited liability company established and existing under the laws of China, with its registered address at No. 225, Guangfu Road, Kunming City, Yunnan Province (hereinafter referred to as the "Existing Shareholder 2," collectively with the "Existing Shareholder 1," the "Existing Shareholders");

Xinyuhao, Guoyu Factoring, and Existing Shareholders are referred to as the "Parties" collectively and a "Party" individually;

Whereas:

1. The Target Company, with the registered capital of RMB 500,000 yuan, is owned by the Existing Shareholder Anquying holding 40% equity interests and the Existing Shareholder Zhongzhiyuan holding 60% equity interests; the Target Company holds 100% equity interests in Guoyu Factoring.

2. The Parties want to engage in further business cooperation in consumption installment factoring; the Existing Shareholders intend to make additional capital contribution to the Target Company, and the Target Company intends to make additional capital contribution to Guoyu Factoring to achieve win-win results for all the Parties.

The Parties enter into this Agreement with respect to the capital increase for the Target Company through friendly negotiation on the principles of equality and mutual benefits in accordance with the relevant laws and regulations of China.

Article 1 Capital Increase

1.1 The Parties agree to increase the registered capital of the Target Company by RMB 499.50 million Yuan, of which RMB 499.50 million Yuan is to be subscribed to by the Existing Shareholders in proportion to their shareholding ratios in accordance with the terms and conditions provided herein (hereinafter referred to as the "Capital Increase"), including RMB 199.80 million Yuan to be subscribed to by Anquying and RMB 299.70 million Yuan to be subscribed to by Zhongzhiyuan. After the Capital Increase is completed, the total registered capital of the Target Company will be RMB 500.00 million Yuan.

1.2 After the Capital Increase, the shareholding structure of the Target Company will be as follows:

No.	Name of Shareholder	Registered Capital (RMB ten thousand yuan)	Shareholding Ratio (%)
1	Anquying (Tianjin) Technology Co., Ltd.	20000	40%
2	Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.	30000	60%
Total		50000	100%

1.3 The Parties further agree that, subject to Article 2 hereof, the Existing Shareholders shall fulfill their capital contribution obligations by separately paying the additional capitals to the following account of the Target Company within [10] days from the execution of this Agreement:

Account name: Shenzhen Xinyuhao Technology Co., Ltd.

Opening bank:

Bank account No.:

1.4 The Parties agree that the capital contribution obligations of the Existing Shareholders hereunder are fulfilled once the Existing Shareholders separately pay the additional capitals to the designated account above of the Target Company.

1.5 The Target Company shall submit legal documents related to this transaction, including but not limited to the Capital Increase Agreement, Articles of Association, and decision of the shareholders' meeting on the capital increase, to the competent market supervision and administration authority within [10] working days from receiving the additional capitals, so as to complete the formalities for registering the filing modification with respect to the capital increase. The expenses for going through the modification registration or filing formalities with the market supervision and administration authority shall be borne by the Target Company.

Article 2 Representations and Warranties

2.1 Each Party hereby represents and warrants as follows respectively:

2.1.1 It is a legal person or other organization duly established and validly existing under the laws of China, or a natural person having the nationality of the People's Republic of China without holding dual nationalities.

2.1.2 It has the full and sufficient rights and authorities to enter into and perform this Agreement, and has the capacity for civil conduct to enter into this Agreement in accordance with the laws of China.

2.1.3 It warrants that all the documents and information it provided for entering into this Agreement are true and valid.

2.1.4 The execution or performance of this Agreement will not violate any material contract or agreement to which it is a party or which is binding on it or its relevant assets.

2.1.5 Its legal representative or entrusted agent signing this Agreement has obtained the full rights and authorities required for executing and performing this Agreement in accordance with the valid certificate of legal representative or the valid power of attorney.

2.1.6 It has disclosed, on a sufficient, detailed, and timely basis, all the information and data that need to be known and possessed by the other parties in connection with this Transaction, which are free from material omissions, misleading, or falsified content.

2.1.7 The representations, warranties, and undertakings made by it in this Agreement are true, correct, and complete as of the execution date of this Agreement, and will remain true, correct, and complete when and after this Agreement becomes effective.

2.1.8 It warrants to fully and properly perform all the content of this Agreement.

2.1.9 Notwithstanding the relevant provisions herein, it will not abuse its rights as a shareholder to intervene in the normal operation and management of the Target Company, and shall not misappropriate and use the properties of the Target Company.

2.1.10 It warrants to keep the confidentiality of the information contained herein except for the disclosure required by the law or relevant regulatory authorities/competent authorities (if applicable) and for going through the filing and modification formalities, or the disclosure to the intermediary institution in connection with this Agreement.

2.1.11 As of the execution date of this Agreement, the Capital Increase has been approved by the board of directors and at the shareholders' meeting of the Target Company.

2.1.12 It will take all necessary measures to a reasonable extent to assist the Target Company in implementing the Capital Increase as agreed in this Agreement.

2.1.13 Any item in the representations and warranties above shall be without prejudice to any other provisions in such representations and warranties, and nothing in this Agreement shall impose any limit on the scope or applicability of the representations and warranties above.

Article 3 Taxes and Charges

3.1 The taxes and other charges arising from the capital increase shall be paid or borne by the obligor in accordance with law.

Article 4 Confidentiality

4.1 The Parties undertake not to disclose, orally or in writing, any information about this Agreement and any Party to any third party (except for disclosure to the advisers engaged by the Parties for the purpose of the Capital Increase); and any acts of the Parties and/or their employees and advisers in violation of this undertaking shall be deemed as a violation of the confidentiality obligations, hence shall be held liable for breach of agreement in accordance with the provisions hereof.

4.2 If any information about this Agreement and any Party has been known by the public via other means, such information shall not be included as the information specified in Article 4.1.

4.3 If a Party has to disclose the information specified in Article 4.1 under the order of a competent authority having jurisdiction over the Party, such disclosure shall not be deemed as violating the confidentiality obligations; provided, however, that it shall notify the other Parties immediately.

4.4 The confidentiality obligations provided in this article shall not be terminated on the ground that any Party fails to enter into this Agreement, exits this Agreement, violates or fails to perform this Agreement, or this Agreement is completely performed; instead, the Parties are obliged to keep the confidentiality until the information specified in Article 4.1 is known by the public.

Article 5 Liability for Breach of Agreement

5.1 After this Agreement becomes effective, the Parties shall comprehensively, properly, and promptly perform their obligations and commitment in accordance with the provisions hereof; a breach of agreement is constituted if any party hereto violates the provisions hereof, fails to perform or fails to properly perform this Agreement, makes untrue representations or warranties hereunder, or fails to perform the undertakings it made hereunder.

5.2 Upon the occurrence of a breaching act, the breaching party shall pay a penalty to the non-breaching party within 10 (ten) working days, and shall compensate the non-breaching party for losses arising from its breach.

5.3 The payment of the penalty shall not affect the rights of the non-breaching party to require the breaching party to make compensation for losses or continue the performance of this Agreement, or to rescind this Agreement.

5.4 A failure or delay in exercising a right provided in this Agreement or by law shall not constitute a waiver of such right or other rights, and the single or partial exercise of a right provided in this Agreement or by law shall not preclude the party from further exercising such right or other rights.

Article 6 Force Majeure

6.1 A force majeure event refers to an uncontrollable, unpredictable, and unavoidable objective circumstance, including but not limited to earthquake, typhoon, flood, flood disaster, explosion, strike, war, or terrorist event.

6.2 Any party failing to perform or to fully perform this Agreement due to the force majeure event shall immediately notify other parties in writing, and shall, within 15 days from the occurrence of the force majeure event, provide a valid certificate issued by a relevant authority with respect to the occurrence of the force majeure event, and reasonably prove that the force majeure event is the direct reason why the party suffering the force majeure cannot perform or fully perform this Agreement.

6.3 In the event that a party suffers the force majeure event, the Parties shall promptly negotiate for a relevant solution for performing this Agreement, and shall make reasonable measures to minimize the adverse results caused by the force majeure event. If, within 6 months from the occurrence of the force majeure event, the Parties still fail to decide a relevant solution for performing this Agreement, this Agreement shall be terminated automatically.

Article 7 Applicable Law and Dispute Resolution

7.1 The validity, interpretation, and performance of this Agreement shall be governed by the laws of the People’s Republic of China. Laws and regulations promulgated after the execution of this Agreement shall not be retroactively applicable to this Agreement unless otherwise specifically provided in such laws and regulations. However, the Parties hereto may negotiate to make necessary adjustment to this Agreement in response to changes.

7.2 All the disputes arising from the performance of or in connection with this Agreement shall be solved by the Parties through friendly negotiation; if the negotiation fails, the Parties agree to submit the disputes to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules then effective. The arbitration result is final and shall be binding on the Parties.

7.3 During the proceedings held in accordance with this article, except for the litigation matters, the Parties shall maintain the validity of other valid provisions hereof; the Parties shall continue to perform its remaining obligations hereunder and exercise its rights hereunder except for the obligations involved in the litigation matters.

Article 8 Amendment, Rescission, and Termination of Agreement

8.1 Any modification and amendment to this Agreement shall be separately negotiated by the Parties, and may become effective only after a written agreement is jointly signed.

8.2 This Agreement shall be immediately rescinded under the following circumstances:

8.2.1 The Target Company fails to use the funds from the Capital Increase to make additional capital contribution to its Subsidiary Guoyu Factoring;

8.2.2 Guoyu Factoring fails to make investment in the projects recommended or recognized by Anquying or Anquying's affiliates;

8.2.3 The Parties negotiate to rescind this Agreement;

8.2.4 Any party has a breaching act, and fails to make rectification within thirty (30) days after the non-breaching party sends a written notice to the party requesting rectification, or the party has two or more breaching acts in total, the non-breaching party has the right to unilaterally rescind this Agreement;

8.2.5 This Agreement cannot be performed due to force majeure.

8.3 The party requesting the rescission of this Agreement shall notify other parties in writing, which notice shall become effective once it is served on such other parties.

8.4 The rescission of this Agreement shall not affect the rights of the non-breaching party to request the breaching party to pay a penalty and make compensation for losses.

8.5 Unless the Parties hereto negotiate and reach a written agreement, neither Party may transfer its rights and obligations in or under this Agreement in whole and/or in part.

Article 9 Notice and Delivery

9.1 Any notice sent for the purpose of this Agreement shall be made in writing, and be sent to other parties by personal delivery, fax, or mail.

9.2 The Parties hereto agree that any notice in connection with this Agreement shall be effective only if it is delivered in writing, including but not limited to by fax, express delivery, mail, and email. Such notice shall be deemed as delivered on the date when the fax is transmitted successfully and received by the recipient if it is sent by fax, on the date when the notice is received by the recipient if it is sent by express delivery or personal delivery, on the 7th working day if it is sent by registered mail, or immediately when the email is sent successfully and confirmed by telephone if it is sent by email.

9.3 The notice shall be deemed as effectively delivered if it is delivered to the following address, transmitted to the following fax number, or sent to the following email box:

Anquying (Tianjin) Technology Co., Ltd.:

Mailing address: Pintec Group, 9/F, Heng’an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention:

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

Mailing address: No. 225, Guangfu Road, Kunming City, Yunnan Province

Attention:

Shenzhen Xinyuhao Technology Co., Ltd.

Mailing address: 19D, Building B, Haoming Fortune Plaza, Shennan Road, Xiangmihu Subdistrict, Futian District, Shenzhen City

Attention:

Article 10 Miscellaneous

10.1 Matters not covered in this Agreement, such as the governance structure of the company, shall be subject to the Articles of Association and amendment thereto (if any) of the Target Company that are passed by the Parties.

10.2 This Agreement may be modified or supplemented only after the Parties reach a consensus and enter into a written agreement, and any effective modification or supplement shall be an integral part of this Agreement.

10.3 Without the unanimous consent of all the Parties, this Agreement and the rights, obligations, or liabilities hereunder shall not be transferred.

10.4 The validity or revocation of any provision hereof shall not affect the validity of other provisions of this Agreement. The exercise of the rights by any Party shall not harm the contractual rights of other parties.

10.5 This Agreement shall become effective after being signed by and affixed with the official stamps of the Parties.

10.6 This Agreement is made in three counterparts, each Party holding one counterpart, and the Target Company retaining one counterpart. Each counterpart has the same legal force.

[The remainder of this page is intentionally left blank]

[This page contains no text, but is the signature page to the Capital Increase Agreement]

Existing Shareholders:

Anquying (Tianjin) Technology Co., Ltd. (Stamp)

/s/ Anquying (Tianjin) Technology Co., Ltd.

Legal representative: /s/ WEI Wei________

Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd. (Stamp)

/s/ Yunnan Zhongzhiyuan Yunda Automobile Sales Co., Ltd.

Legal representative: /s/ ZHANG Chenli________

Target Company:

Shenzhen Xinyuhao Technology Co., Ltd. (Stamp)

/s/ Shenzhen Xinyuhao Technology Co., Ltd.

Legal representative: /s/ CUI Xiaofeng________

Subsidiary:

Shenzhen Guoyu Commercial Factoring Co., Ltd. (Stamp)

/s/ Shenzhen Guoyu Commercial Factoring Co., Ltd.

Legal representative: /s/ CUI Xiaofeng________

Exhibit 4.46

Loan Contract

This Loan Contract (this "**Contract**") is made on August 30, 2019 (the "**Signing Date**") by and among:

(1) **Shanghai Anquying Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of China, with its registered address at 1304-C, No. 89, East Yunling Road, Putuo District, Shanghai (the "**Borrower**");

(2) **Shanghai Mandra Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of China, with its registered address at 906, No. 3388 New Gonghe Road, Jing'an District, Shanghai (the "**Lender**");

(3) **DONG Jun**, a citizen of China whose ID No. is 530103197701042116 and domicile is at 507, Unit 4, Building 1#, No. 278 Xinying Road, Panlong District, Kunming City, Yunnan Province; and

(4) **Ganzhou Jimu Micro Finance Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of China, with its registered address at 502, Building B4, International Enterprise Center, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi Province ("**Ganzhou Micro Finance**", collectively with DONG Jun, the "**Guarantors**")

(collectively, the "**Parties**", and each, a "**Party**").

WHEREAS:

(1) In order to satisfy its capital requirements for business development, the Borrower wishes to borrow RMB100,000,000 from the Lender (the "**Loan**");

(2) In order to guarantee the repayment of the Loan by the Borrower according to the provisions hereof, the Borrower agrees to pledge 100% of the shares held by it in Ganzhou Micro Finance (corresponding to 100% of the registered capital of Ganzhou Micro Finance in the amount of RMB500,000,000) (the "**Pledged Shares**") to the Lender, and the Guarantors agree to offer guarantee for the Borrower;

(3) The Lender agrees to provide the Loan to the Borrower subject to the terms and conditions set forth herein.

NOW THEREFORE, the Parties enter into this Contract through friendly consultation, for mutual compliance.

Section 1 Loan

1.1 The Loan hereunder shall be provided in RMB and in the amount of RMB100,000,000. The term of the Loan shall commence from the date of remittance of the Loan and end on August 31, 2020 or such other date as the Borrower and the Lender may agree in writing (the "**Term of Loan**").

1.2 The Lender shall remit the Loan hereunder to the following bank account designated by the Borrower on the Signing Date or the immediately following business day or within such other period as the Borrower and the Lender may agree in writing. The Borrower shall, on the date of receipt of the Loan from the Lender, issue a receipt in such form as set out in the Exhibit hereto to the Lender.

Account name: Shanghai Anquying Technology Co., Ltd**.**

Bank: China Merchants Bank Co., Ltd. Wanda Plaza Branch in Beijing

Account number: 121918519810103

1.3 The Borrower shall repay the principal of the Loan hereunder and the interest accrued at the rate of 8% per annum (simple interest) in one lump sum on the expiry date of the Term of Loan (the "**Fixed Due Date**") pursuant to the provisions hereof. In case of any Event of Default as defined herein, the Lender shall have the right to request the Borrower to immediately repay the Loan. In such case, the Borrower shall, within five (5) business days following the delivery of the relevant notice by the Lender (the "**Prepayment Date**"), repay the principal of the Loan hereunder and accrued interest in one lump sum. In case the Borrower only repays part of the principal of the Loan hereunder and accrued interest within five (5) business days after receiving such notice from the Lender, the amount received by the Lender shall be applied towards the payment of the interest first.

1.4 The Borrower shall repay the Loan and accrued interest on time. Any failure on the part of the Borrower to repay the principal of the Loan hereunder and accrued interest in full on the Repayment Date or the Fixed Due Date (whichever the earlier) shall constitute a default in repayment (each a "**Default in Repayment**"). In case the Borrower fails to pay any interest due, the Lender shall have the right to impose a penalty on the interest due and unpaid at the rate of 0.5‰ per day.

1.5 In case the Borrower commits a Default in Repayment and fails to agree with the Lender in writing on the extension of the Loan, the Borrower shall be deemed to have been in arrears with the repayment of the Loan, in which case the Lender shall have the right to charge interest on the overdue amount of the Loan at the rate of 0.5‰ per day (rather than 8% per annum under Section 1.3) from the Repayment Date or the Fixed Due Date (whichever the earlier) till the date of actual payment thereof.

Section 2 Repayment

2.1 Except with the prior written consent of the Lender, the Borrower must give three (3) business days' written notice to the Lender if it intends to prepay all or part of the Loan or interest hereunder.

2.2 Except with the prior written consent of the Lender, the Loan and interest hereunder shall be repaid in RMB.

2.3 Unless otherwise requested by the Lender in writing, the Loan and interest hereunder shall be repaid to the following bank account:

Account name: Shanghai Mandra Technology Co., Ltd**.**

Bank: Industrial and Commercial Bank of China Shibei Industrial Park Branch in Zhabei District

Account number: 1001149909300106969

2.4 Notwithstanding any other provisions contained herein, the Loan and interest hereunder may be repaid (or prepaid) in such other manner that the Borrower and the Lender may agree in writing.

Section 3 Share Pledge and Guarantee

3.1 In order to guarantee the receipt by the Lender of the Loan and interest hereunder payable by the Borrower, the Borrower agrees to pledge the Pledged Shares held by it to the Lender (the "**Share Pledge**"). The relevant Parties shall enter into a share pledge agreement on the Signing Date hereof. The Borrower and Ganzhou Micro Finance hereby undertake to submit the relevant documents to the competent Micro Finance authority of Ganzhou (the "**Regulatory Authority**") within five (5) days from the Signing Date, and the share pledge registration documents to the competent administration for industry and commerce within three (3) days after confirming that the Regulatory Authority has no objection thereto, and complete the registration of the Share Pledge and deliver the original notice of the registration of Pledged Shares to the Lender within thirty (30) days from the Signing Date.

3.2 In order to guarantee the receipt by the Lender of the Loan and interest hereunder payable by the Borrower, the Guarantors hereby irrevocably agree to jointly and severally offer guarantee for all debts, obligations and liabilities of the Borrower hereunder (the "**Guarantee**"). Except with the prior written consent of the Lender, the Guarantors' liability for Guarantee shall not be released until the debts, obligations and liabilities of the Borrower hereunder have been fully discharged. The Guarantors' liability for Guarantee hereunder shall in no way be relieved or waived as a result of any other guarantee offered by the Borrower or any third party in whatever form to the Lender. The Lender shall have the right to directly request the Guarantors to assume their liability for Guarantee without first lodging claims against the Borrower or any third party. If the Lender waives the security interest it may have in any other collateral or guarantor in connection with the Loan, the Guarantors shall continue to fully assume their liability for Guarantee hereunder.

3.3 The Share Pledge offered by the Borrower and the Guarantee offered by the Guarantors hereunder shall cover the principal of the Loan and accrued interest hereunder, damages, all costs and expenses (including legal expenses) in connection with this Contract, and the costs incurred by the Lender in enforcing its rights hereunder (including legal expenses), in each case, that may be payable by the Borrower hereunder.

3.4 In case the Borrower fails to pay any amount due or discharge any other obligation hereunder, the Lender may claim the repayment of the Loan and accrued interest from, and exercise other remedies available hereunder or under the applicable laws against, the Borrower and/or the Guarantors. In case the Borrower fails to discharge any debt, obligation or liability due hereunder, the Guarantors undertake to unconditionally discharge the same on behalf of the Borrower within twenty (20) days after receiving a written demand from the Lender. For the purpose of the preceding sentence, any document sent by the Lender stating any failure of the Borrower to discharge the debts, obligations or liabilities due hereunder may constitute a written demand requesting the Guarantors to pay the relevant amounts.

3.5 During the term of the Guarantee, if the Lender assigns its claims hereunder to any third party to the extent permissible herein, the Guarantors shall continue to assume their liability for Guarantee within the original scope of Guarantee.

Section 4 Representations and Warranties of the Borrower and the Guarantors

4.1 Each of the Borrower and the Guarantors hereby jointly and severally represents and warrants to the Lender that the representations and warranties set forth in this Section 4.1 are true, accurate and complete as of the Signing Date hereof and the date of remittance of the Loan:

(1) each of the Borrower and Ganzhou Micro Finance is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, having all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted; each has full capacity and all requisite power and authority to enter into this Contract, exercise its rights hereunder and perform its obligations hereunder;

(2) its execution of this Contract or performance of its obligations hereunder do not violate or conflict with its articles of association or other organizational documents (as applicable), any other agreement to which it is a party, or any law or regulation binding on it;

(3) all necessary approvals, permits, consents, registrations, filings or any other procedures by, of or with any government authority or any third party that are required for the execution of this Contract have been duly obtained and completed and remain in full force and effect (except for those that are unable to be duly obtained due to the existing laws and regulations or any reason attributable to the competent government authorities);

(4) there is no claim, action, litigation, proceedings, arbitration, complaint, charge or investigation pending or, to its best knowledge, threatened against it or any of its properties, or any reasonable basis therefor;

(5) this Contract, when executed, will constitute binding obligations of it, enforceable against it in accordance with the terms hereof;

(6) it has not been engaged or involved in any criminal activity;

(7) the net assets of Ganzhou Micro Finance (after loss reserve and provisioning on the basis of risk classification of assets according to its internal audit guidelines) (the “**Risk Adjusted Net Assets**”) are not less than RMB 80 million, which are free from any mortgage, pledge or any other security or encumbrance, and in which the Risk Adjusted Net Assets in connection with the consumer finance installment products related to cooperation with China Telecom are not less than RMB 80 million;

(8) Ganzhou Micro Finance legally holds qualifications and licenses for conducting micro finance business on the Internet (the “**Online Micro Finance Licenses**”), which remain in full force and effect; and

(9) the representations, warranties and covenants made by the Borrower and the Guarantors herein and any written information provided by or for the Borrower and/or the Guarantors in connection with the transactions contemplated hereby do not contain any misstatement of a material fact or omit to state a material fact necessary to make the statements contained herein not misleading in any material respect in light of the circumstance under which they were made.

4.2 The Borrower and the Guarantors further represent, warrant and covenant to the Lender that the representations and warranties set forth above will remain true and accurate during the term of this Contract, taking into account the facts and circumstances then and subject to the applicable laws.

Section 5 Covenants of the Borrower and the Guarantors

The Borrower and the Guarantors hereby covenant to the Lender that prior to the repayment of principal of the Loan hereunder and accrued interest in full:

5.1 the Borrower and the Guarantors will comply with all laws and regulations relating to this Contract and strictly perform and abide by their duties and obligations;

5.2 the Risk Adjusted Net Assets of Ganzhou Micro Finance will not be less than RMB 80 million, which are free from any mortgage, pledge or any other security or encumbrance, and in which the Risk Adjusted Net Assets in connection with the consumer finance installment products related to cooperation with China Telecom are not less than RMB 80 million;

5.3 the Borrower and/or the Guarantors will promptly notify the Lender of the particulars of any material litigation, arbitration or administrative proceedings involving the Borrower and/or the Guarantors after the Borrower and/or the Guarantors become aware thereof, whether or not already formally instituted;

5.4 the Borrower will promptly notify the Lender in writing of the particulars of any Event of Default (as defined below) occurred hereunder or any other event that may affect the ability of the Borrower and/or the Guarantors to perform their obligations hereunder;

5.5 without the prior consent of the Lender, the Borrower and/or the Guarantors will not create any mortgage, pledge or other security in excess of RMB 1 million over the assets of the Borrower or the Guarantors, or transfer or otherwise dispose of any material assets of the Borrower and/or the Guarantors in excess of RMB1 million, except in the ordinary course of business;

5.6 without the prior consent of the Lender, the Borrower and/or the Guarantors will not provide to or obtain from any third party any loan in excess of RMB100,000 in any manner, or make any other similar credit arrangement, except cash receipts and payments with their affiliates that are within the ordinary course of business, deemed necessary by the Borrower in good faith and consistent with the past practice of the Borrower;

5.7 the Borrower and the Guarantors shall use their best endeavors to maintain the normal operation of the Borrower, and promptly notify the Lender of any event involving any material matter of the Borrower and/or the Guarantors;

5.8 the Borrower and the Guarantors warrant to the Lender that the Borrower will take all actions and execute all necessary documents that may be required by the Lender to enforce its rights hereunder, and provide the Lender with other information and documents that may be reasonably requested by the Lender;

5.9 Ganzhou Micro Finance will continue to exclusively hold the Online Micro Finance Licenses, has not mortgaged, pledged, sold or leased, and will not mortgage, pledge, sell or lease the Online Micro Finance Licenses to any third party in any manner, and will not permit the creation of any security or encumbrance over the Online Micro Finance Licenses; and

5.10 Ganzhou Micro Finance undertakes to: (i) within fourteen (14) days after the end of each month (the "**Month**"), provide the Lender the financial information and statements (including statement of income, balance sheet, statement of cash flows, statement of major operating information and other financial reports) of Ganzhou Micro Finance for the Month; and (ii) at the request of the Lender, arrange a meeting (including telephone conference) between its senior officers (including CFO) and the Lender every fourteen (14) days, to report and discuss its business portfolios (including consumer finance installment products) and the performance thereof.

Section 6 Event of Default

6.1 Each of the following shall constitute an event of default on the part of the Borrower and/or the Guarantors (as applicable) hereunder (each an "**Event of Default**"):

(1) where any representation or warranty made by the Borrower or the Guarantors herein proves to be untrue, inaccurate or misleading in any material respect;

(2) where there's any claim, action, litigation, proceedings, arbitration, complaint, charge or investigation involving the Borrower or the Guarantors that will have a material adverse effect on the financial conditions of the Borrower or the Guarantors or the ability of the Borrower or the Guarantors to perform its or their obligations hereunder, or the Borrower or any of the Guarantors enters into dissolution, bankruptcy, insolvency, liquidation or any legal proceedings in connection therewith according to law;

(3) where any Guarantor who is a natural person has died or lost all or part of civil or legal capacity, or is charged for a crime; or

(4) where the Borrower fails to repay the Loan or interest that becomes due, or the Borrower or the Guarantors materially breach any covenant or other obligation hereunder.

6.2 Upon the occurrence of any Event of Default, the Lender shall have the right to take any action permitted by law, including without limitation the right to:

(1) declare that the Loan becomes immediately due and payable, and request the Borrower to immediately repay all of the amounts due and unpaid hereunder, including without limitation the principal of the Loan hereunder and accrued interest; and

(2) take any other action that the Lender may deem necessary or advisable to recover the principal of the Loan hereunder and accrued interest or to enforce its rights available hereunder.

6.3 At the request of the Lender, subject to the applicable laws and regulations, the Borrower and/or the Guarantors shall help the Lender obtain all necessary approvals or consents required by the Lender to enforce its rights hereunder.

Section 7 Effectiveness, Amendment and Rescission of Contract

7.1 This Contract shall take effect after being executed by the Parties hereto.

7.2 This Contract may only be amended or supplemented with the mutual written consent of the Parties. Any amendment or supplement to this Contract shall constitute an integral part hereof.

7.3 If this Contract ceases to be effective for any reason or is declared invalid or unenforceable by any competent court or authority, the Lender shall have the right to give written notice to the Borrower, requesting the Borrower to repay the principal of the Loan hereunder and accrued interest (if applicable), in which case the Borrower shall remit the principal of the Loan hereunder and accrued interest (if applicable) to the bank account of the Lender designated herein within five (5) business days after receiving such notice from the Lender.

Section 8 Governing Law and Dispute Resolution

8.1 This Contract shall be governed by the laws of the People's Republic of China.

8.2 Any dispute or controversy arising out of or in connection with this Contract during the term hereof shall be settled by the Parties through friendly consultation in the first instance. In case no settlement can be reached, either Party may submit the dispute or controversy to Shanghai International Arbitration Center for settlement by arbitration in accordance with its arbitration rules then in effect. The place of arbitration shall be Shanghai. The arbitration award shall be final and binding on the Parties.

Section 9 Miscellaneous

9.1 The Borrower and the Guarantors shall not transfer their rights and obligations hereunder without the prior written consent of the Lender. The Lender may assign all or part of its rights and obligations hereunder to any designee at any time by written notice to the Borrower and the Guarantors, in which case, such assignee shall enjoy the rights and assume the obligations of the Lender hereunder, as if it were an original party hereto.

9.2 The Borrower shall be responsible for all costs and out-of-pocket expenses in connection with this Contract and the transactions contemplated hereby, including without limitation legal expenses, costs of production, stamp duties and any other taxes and expenses.

9.3 The Parties acknowledge and confirm that this Contract, the content hereof and any information, oral or written, exchanged among the Parties in connection with the preparation or performance of this Contract shall be deemed as confidential information. Each Party shall maintain the secrecy of all such confidential information and shall not disclosure any confidential information to any third party without the prior written consent of the other Party, except any information that: (a) is or becomes known to the public (not as a result of disclosure thereof by the Party receiving such confidential information to the public without authorization); (b) is required to be disclosed according to the applicable laws and regulations, rules of any stock exchange or any government or court order; or (c) needs to be disclosed to its shareholders, directors, employees or legal or financial advisors for purpose of the transactions contemplated hereby, provided that such shareholders, directors, employees or legal or financial advisors are bound by the obligation of confidentiality similar to that set forth in this Section 9.3. Any disclosure of confidential information by any shareholder, director, or employee of or any agent hired by a Party shall be deemed as a disclosure made by such Party, for which such Party shall be held liable for breach of this Contract.

9.4 Each provision of this Contract shall be severable. If any provision hereof is held invalid or unenforceable under applicable laws, such invalidity or unenforceability shall affect the validity of the remaining provisions hereof, and the Parties shall agree on a replacement provision in good faith, to effectuate the commercial intent of this Contract.

9.5 All notices and other communications required hereunder or in connection with this Contract shall be given to the respective addresses of the Parties set out below by: (a) personal delivery, registered mail (postage prepaid) or commercial delivery service; and (b) email, and shall be deemed effectively given: (i) if delivered in person, on the date they are received or left at the addresses set out below; (ii) if sent by express delivery or registered mail (postage prepaid), on the date they are received or rejected at the addresses set out below or returned for any reason; or (iii) if sent by email, on the date of successful transmission thereof (an email shall be deemed to have been successfully transmitted if the sender receives the information of successful transmission from the system or has not received the information from the system indicating that the email fails to be delivered or has been returned within 24 hours thereafter). For the avoidance of doubt, a notice shall be deemed effectively given only when the conditions set forth in (x) Clause (i) or (ii); and (y) Clause (iii) above have been satisfied.

The addresses of the Parties for purpose of notice are as follows:

The Borrower and the Guarantors:

Address: 9/F, Heng’an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention: WEI Wei

Telephone: [Redacted]

Email: william.wei@pintec.com

Address: 9/F, Heng’an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention: DONG Jun

Telephone: [Redacted]

Email: allen.dong@pintec.com

The Lender:

Address: 906, No. 3388 New Gonghe Road, Jing'an District, Shanghai

Attention: ZHANG Taiyong

Telephone: [Redacted]

Email: tzhang@nyber.com; nuyenkk@mandra.hk; chanfy@mandra.hk

Any Party may change its address for receiving notices hereunder by giving five (5) business days' written notice to the other Party in such manner as set forth in this Section 9.5.

9.6 No failure or delay on the part of the Lender to exercise, or partial exercise by the Lender of, any right, power or remedy hereunder shall operate as a waiver of such right, power or remedy in whole or in part, or preclude further exercise thereof or exercise of any other right, power or remedy by the Lender. The illegality, invalidity or unenforceability of any provision hereunder under any law shall not affect the legality, validity or enforceability of such provision under any other law, or the legality, validity or enforceability of any other provision hereof.

9.7 This Contract shall be made in five (5) counterparts, one counterpart to be held by the Parties respectively with equal legal effect.

[The remainder of this page is intentionally left blank, with signature pages to the Loan Contract in the following]

[Signature Page of the Borrower and the Guarantors to the Loan Contract]

The Borrower:

Shanghai Anquying Technology Co., Ltd. (seal)

/s/ Shanghai Anquying Technology Co., Ltd.

By: /s/ CHEN Bingqian____________________

Name: CHEN Bingqian

Title: Legal representative

The Guarantors:

DONG Jun

By: /s/ DONG Jun________________________

Ganzhou Jimu Micro Finance Co., Ltd. (seal)

/s/Ganzhou Jimu Micro Finance Co., Ltd.

By: /s/ CHEN Bingqian____________________

Name: CHEN Bingqian

Title: Legal representative

[Signature Page of the Lender to the Loan Contract]

The Lender:

Shanghai Mandra Technology Co., Ltd. (seal)

/s/ Shanghai Mandra Technology Co., Ltd.

By: /s/ ZHANG Taiyong ____________________

Name: ZHANG Taiyong

Title: Legal representative

Exhibit to Loan Contract

Equity Pledge Agreement

This Equity Pledge Agreement (hereinafter referred to as this "**Agreement**") is entered into on August 30, 2019 by and between:

Party A: **Shanghai Mandra Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of China, with its registered address at 906, No. 3388 New Gonghe Road, Jing'an District, Shanghai (hereinafter referred to as the "**Pledgee**"); and

Party B: **Shanghai Anquying Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of China, with its registered address at 1304-C, No. 89 East Yunling Road, Putuo District, Shanghai (hereinafter referred to as the "**Pledgor**").

(collectively, the "**Parties**", and each, a "**Party**").

WHEREAS:

1. As of the signing date of this Agreement, the Pledgor holds 100% shares of Ganzhou Jimu Micro Finance Co., Ltd., a limited liability company validly established and legally existing under the laws of China (hereinafter referred to as the "**Company**"), representing the Company's total registered capital of RMB 500 million.

2. According to a loan contract signed by the Parties and other relevant parties on August 30, 2019 (hereinafter referred to as the "**Loan Contract**"), the Pledgee agrees to provide the Pledgor with a loan of RMB one hundred million (100,000,000) (hereinafter referred to as the "**Loan**"); and to ensure that the Pledgor can repay the Loan and perform other obligations under the *Loan Contract* as agreed, the Pledgor pledges all the 100% shares held by it in the Company (representing the Company's total registered capital of RMB 500 million) (hereinafter referred to as "**Pledged Shares**") to the Pledgee as security.

NOW, THEREFORE, the Parties enter into this Agreement through friendly consultation and based on the principle of equality and mutual benefit, for mutual compliance.

1. Definitions

Unless otherwise provided in this Agreement, the following terms shall be defined as follows:

1.1 **Pledge** refers to a real right for security granted by the Pledgor to the Pledgee pursuant to Article 2 of this Agreement, i.e. the right enjoyed by the Pledgee to be paid preferentially through the Pledged Shares pledged by the Pledgor to the Pledgee or through the price of auction or sale of such Pledged Shares.

1.2 **Term of Pledge** refers to the period specified in Article 3 of this Agreement.

1.3 **Contractual Obligations** refer to all obligations of the Pledgor and/or the Company under the *Loan Contract* and this Agreement.

1.4 **Secured Debts** refer to all direct, indirect, consequential losses and loss of predictable interests suffered by the Pledgee due to any Event of Breach of the Pledgor and/or the Company under the *Loan Contract* and this Agreement.

1.5 **Event of Breach** refers to any circumstance listed in Article 6 of this Agreement.

1.6 **Notice of Breach** refers to the notice issued by the Pledgee to declare the Event of Breach in accordance with this Agreement.

2. Pledge

2.1 The Pledgor hereby agrees to pledge the Pledged Shares to the Pledgee in accordance with the provisions of this Agreement as a guarantee for the performance of Contractual Obligations and the repayment of Secured Debts.

2.2 The Pledgor may only increase the capital of the Company with the prior written consent of the Pledgee. The capital contribution to be increased by the Pledgor in the registered capital of the Company is also a part of the Pledged Shares, for which the Parties shall sign a separate pledge agreement and handle the pledge registration for the increased capital contribution.

3. Term of Pledge

3.1 This Pledge shall take effect from the date when the pledge of the Pledged Shares under this Agreement is registered with the competent industrial and commercial authority, and shall remain valid until all Contractual Obligations have been fulfilled and all Secured Debts have been paid off. The Pledgor shall submit the pledge registration documents of the Pledged Shares to the competent regulatory authority for review within five days from the date of signing this Agreement, and after confirming that the regulatory authority has no objection, the Pledgor shall submit the application documents for the pledge registration of the Pledged Shares to the competent industrial and commercial authority within three days. Within thirty (30) days from the date of signing this Agreement, the Pledgor shall complete the pledge registration under this Agreement with the competent industrial and commercial authority and provide the original pledge registration notice of the Pledged Shares to the Pledgee. The Parties jointly acknowledge that, in order to handle the industrial and commercial registration procedures for Equity Pledge, the Parties shall submit this Agreement or a Equity Pledge contract which is signed in the form required by the competent industrial and commercial authority at the place where the Company is located and which truly reflects the pledge information under this Agreement (hereinafter referred to as the "**Pledge Contract for Industrial and Commercial Registration**") (if necessary) to such industrial and commercial authority, and the matters not stipulated in the Pledge Contract for Industrial and Commercial Registration shall be subject to the provisions of this Agreement. The Pledgor shall submit all necessary documents and complete all necessary formalities in accordance with Chinese laws and regulations and the requirements of the competent industrial and commercial authority to ensure that the Pledge is registered as soon as possible after the application is submitted.

3.2 If the Pledgor fails to perform the Contractual Obligations or pay the Secured Debts during the Term of Pledge, the Pledgee has the right (but is not obligated) to exercise the Pledge in accordance with the provisions of this Agreement.

4. Representations and Warranties of the Pledgor

The Pledgor hereby represents and warrants to Party A on the date of signing this Agreement as follows:

4.1 The Pledgor is the sole legal owner of the Pledged Shares. The Pledgee has the right to dispose and transfer the Pledged Shares in the manner specified in this Agreement.

4.2 The Pledgor has full power, ability and authority to enter into and deliver this Agreement and to perform its obligations under this Agreement. This Agreement, once executed, constitutes the Pledgor's legal, valid and binding obligations, and can be enforced against the Pledgor in accordance with its terms.

4.3 No security interests or other encumbrances other than this Pledge have been created on the Pledged Shares by the Pledgor.

4.4 The Pledgor has obtained the consent and approval of any government department and any third party (if necessary) for the execution, delivery and performance of this Agreement.

4.5 The execution, delivery and performance of this Agreement will not: (i) result in any violation of any relevant Chinese law; (ii) conflict with the articles of association or other organizational documents of the Pledgor; (iii) result in a breach of any contract or document to which it is a party or to which it is subject, or constitute a default under any contract or document to which it is a party or to which it is subject; (iv) result in a breach of any conditions for the grant and/or effectiveness of any license or approval granted to any party; or (v) result in the suspension or revocation or conditionality of any license or approval granted to any party.

5. Covenants of the Pledgor

5.1 During the term of this Agreement, the Pledgor covenants to the Pledgee that:

5.1.1 without the prior written consent of the Pledgee, the Pledgor shall not transfer the Pledged Shares or any part thereof, and shall not create or allow the creation of any security or other encumbrances on the Pledged Shares;

5.1.2 the Pledgor shall comply with and implement all applicable laws and regulations related to the Pledge. If any notice, instruction or proposal issued or formulated by the relevant competent authority is received, the Pledgor shall, within five (5) days, present such notice, instruction or proposal to the Pledgee, and comply with such notice, instruction or proposal, or put forward objections and statements on the above matters at the reasonable request of or with the consent of the Pledgee; and

5.1.3 the Pledgor shall promptly notify the Pledgee of any event or notice that may affect the Pledged Shares (or any part thereof) and any event or notice that may affect the warranties or obligations of the Pledgor in this Agreement or the performance of its obligations under this Agreement.

5.2 The Pledgor agrees that the rights enjoyed by the Pledgee with respect to the Pledge in accordance with the terms of this Agreement shall not be interrupted or hindered by the Pledgor or the Pledgor's assignee, successor or the Pledgor's principal or any other person through legal procedures.

5.3 The Pledgor warrants to the Pledgee that, in order to protect or improve the security created in this Agreement for the Contractual Obligations and the Secured Debts, the Pledgor will execute and cause other parties interested in the Pledge to execute in good faith all certificates of rights and contracts required by the Pledgee and/or take and cause other parties interested in the Pledge to take all actions required by the Pledgor, facilitate the exercise of the rights and authorizations granted to the Pledgee by this Agreement, execute all documents related to the ownership of the Pledged Shares with the Pledgee or its designee (natural person/legal person), and provide the Pledgee with all notices, orders and decisions related to the Pledge as it deems necessary within a reasonable period of time.

5.4 The Pledgor warrants to the Pledgee that the Pledgor will comply with and perform all warranties, covenants, agreements, representations and conditions under this Agreement. If the Pledgor fails to perform or does not fully perform its warranties, covenants, agreements, representations and conditions, it shall compensate the Pledgee for all losses suffered thereby.

6. Event of Breach

6.1 Any of the following events shall be deemed as an Event of Breach:

6.1.1 the Pledgor's violation of any of its obligations under the *Loan Contract* and/or this Agreement;

6.1.2 The Company's violation of any of its obligations under the *Loan Contract* (including but not limited to that the total value of the Company's net assets (after risk classification, provision and accrual of assets according to the Company's internal audit guidelines) ("**Risk Adjusted Net Assets**") is less than RMB 80 million, or there is any mortgage, pledge or other guarantees or encumbrances created or existing on such Risk Adjusted Net Assets, or the value of the Risk Adjusted Net Assets involved in the consumer finance installment products related to cooperation with China Telecom is less than RMB 80 million, or the Company no longer has the qualification and license to engage in small loan business via the Internet).

6.2 The Pledgor shall immediately notify the Pledgee in writing if it knows or finds any matter mentioned in Article 6.1 or any event that may have caused any of the above matters has occurred.

6.3 Unless the Event of Breach under Article 6.1 has been remedied at the request of the Pledgee within ten (10) days after the Pledgee sends a notice to the Pledgor requiring the Pledgor to rectify the breach, the Pledgee may, at any time thereafter, send a written Notice of Breach to the Pledgor to exercise its Pledge pursuant to Article 7 hereof.

7. Exercise of Pledge

7.1 If the Pledgee exercises its Pledge, the Pledgee shall send a written Notice of Breach to the Pledgor.

7.2 Subject to the provisions of Article 6.3 hereof, the Pledgee may exercise the right to dispose of the Pledge at any time after sending a Notice of Breach in accordance with Article 7.1 hereof.

7.3 The Pledgee shall have the right to exercise all the remedies for breach of contract enjoyed by it in accordance with Chinese laws and the terms of this Agreement after sending the Notice of Breach in accordance with Article 7.1 hereof, including but not limited to being paid preferentially through the Pledged Shares or through the price of auction or sale of such Pledged Shares. The Pledgee shall not be liable for any loss caused by its reasonable exercise of such rights and powers.

7.4 The money obtained by the Pledgee through the exercise of the Pledge shall be first used to pay the taxes and fees payable for disposing of the Pledged Shares and then be used for the performance of the Contractual Obligations to the Pledgee and the repayment of the Secured Debts. If there is any balance after deducting the above-mentioned amount, the Pledgee shall return the balance to the Pledgor or any other person who has the right to obtain such amount in accordance with relevant laws and regulations or deposit it with the notary office at the place where the Pledgor is located, and any expenses incurred therefrom shall be borne by the Pledgor.

7.5 The Pledgee has the option to exercise any or all of the remedies for breach of contract it enjoys at the same time or in succession. The Pledgee shall not be required to exercise any other remedies for breach of contract before exercising its right under this Agreement of being paid preferentially through the Pledged Shares or through the price of auction or sale of such Pledged Shares.

7.6 The Pledgee shall have the right to appoint its attorney or other agent in writing to exercise its Pledge, to which the Pledgor shall not raise any objection.

7.7 When the Pledgee disposes the Pledge in accordance with this Agreement, the Pledgor shall provide necessary assistance to enable the Pledgee to realize its Pledge.

8. Liability for Breach

8.1 If the Pledgor materially violates any of the agreements under this Agreement, or fails to perform, incompletely performs or delays in performing any obligation under this Agreement, it shall constitute a breach of the Pledgor under this Agreement. The Pledgee has the right to require the Pledgor to make corrections or take remedial measures. If the Pledgor fails to make corrections or take remedial measures within ten (10) days after the Pledgee sends a written notice to the Pledgor and requests for correction (or within other reasonable period required by the Pledgee), the Pledgee shall have the right to, at its own discretion, (1) terminate this Agreement and require the Pledgor to pay all damages; or (2) require the Pledgor to perform its obligations under this Agreement and pay all damages. This Article shall be without prejudice to any other rights of the Pledgee under this Agreement.

8.2 Unless otherwise provided by law, the Pledgor shall not unilaterally terminate or rescind this Agreement under any circumstances.

9. Transfer

9.1 The Pledgor shall not transfer or delegate its rights and obligations under this Agreement without the prior consent of the Pledgee.

9.2 This Agreement is binding upon the Pledgor and its assignees and successors (including those who inherit the Pledged Shares) and the permitted transferees.

9.3 The Pledgee may at any time transfer all or any of its rights and obligations in this Agreement to the person designated by it, in which case, the transferee shall enjoy and undertake the rights and obligations enjoyed and undertaken by the Pledgee under this Agreement as if it were an original party to this Agreement.

9.4 Upon the change of the Pledgee caused by the transfer, the Pledgor shall, at the request of the Pledgee, sign a new pledge agreement with the new pledgee, the content of which is the same as that of this Agreement, and shall complete the registration formalities with the competent industrial and commercial authority.

9.5 The Pledgor shall strictly comply with the provisions of this Agreement and other relevant agreements signed by the Parties individually or jointly, including the *Loan Contract*, and perform its obligations under the *Loan Contract*, and shall not do any act/omission that may affect the validity and enforceability of the agreements. Unless instructed in writing by the Pledgee, the Pledgor shall not exercise any right that it still has in the Pledged Shares.

10. Termination

10.1 After the Pledgor has fully and completely performed all Contractual Obligations and paid off all Secured Debts, the Pledgee shall, at the request of the Pledgor and within a reasonable and feasible time as soon as possible, release the Pledge of the Pledged Shares under this Agreement, and cooperate with the Pledgor to cancel the registration of Equity Pledge made in the Company's register of shareholders and complete the pledge cancellation registration with the competent industrial and commercial authority, and the relevant costs shall be paid by the Pledgor.

10.2 The provisions of Articles 8, 12, 13 and 10.2 of this Agreement shall survive the termination of this Agreement.

11. Charges and Other Expenses

All costs and actual expenses related to this Agreement, including but not limited to legal expenses, costs of production, stamp duty and any other taxes and expenses, shall be borne by the Pledgor.

12. Confidentiality Obligations

The Parties acknowledge and confirm that any oral or written information relating to this Agreement, the content of this Agreement, and any information exchanged between the Parties in connection with the preparation or performance of this Agreement shall be treated as confidential information. Both parties shall maintain the secrecy of all such confidential information and shall not disclosure any confidential information to any third party without the prior written consent of the other Party, except any information that: (a) is or becomes known to the public (not as a result of disclosure thereof by the Party receiving such confidential information to the public without authorization); (b) is required to be disclosed according to the applicable laws and regulations, rules of any stock exchange or any government or court order; or (c) needs to be disclosed to its shareholders, directors, employees or legal or financial advisors for purpose of the transactions contemplated hereby, provided that such shareholders, directors, employees or legal or financial advisors are bound by the obligation of confidentiality similar to that set forth in this Article. Any disclosure of confidential information by any shareholder, director, employee of or agent hired by a Party shall be deemed as a disclosure made by such Party, for which such Party shall be held liable for breach of this Agreement.

13. Applicable Law and Dispute Resolution

13.1 The execution, validity, interpretation, performance, modification and termination of this Agreement and the settlement of disputes shall be governed by Chinese laws.

13.2 Any dispute arising from the interpretation and performance of this Agreement shall be first resolved by the Parties to this Agreement through friendly negotiation. If the dispute fails to be resolved through negotiation, either party may submit the dispute to Shanghai International Arbitration Center for arbitration in accordance with its arbitration rules then in effect. The place of the arbitration shall be Shanghai. The arbitration award shall be final and binding on the Parties.

13.3 In case of any dispute arising from the interpretation and performance of this Agreement or any dispute being arbitrated, except for the matters in dispute, the Parties hereof shall continue to exercise their other rights and perform their other obligations under this Agreement.

14. Notice

14.1 All notices and other communications required hereunder or in connection with this Agreement shall be given to the respective addresses of the Parties set out below by: (a) personal delivery, registered mail (postage prepaid) or commercial delivery service; and (b) email, and shall be deemed effectively given: (i) if delivered in person, on the date they are received or left at the addresses set out below; (ii) if sent by express delivery or registered mail (postage prepaid), on the date they are received or rejected at the addresses set out below or returned for any reason; or (iii) if sent by email, on the date of successful transmission thereof (an email shall be deemed to have been successfully transmitted if the sender receives the information of successful transmission from the system or has not received the information from the system indicating that the email fails to be delivered or has been returned within 24 hours thereafter). For the avoidance of doubt, a notice shall be deemed effectively given only when the conditions set forth in (x) Clause (i) or (ii); and (y) Clause (iii) above have been satisfied.

The addresses of the Parties for purpose of notice are as follows:

The Pledgor:

Address: 9/F, Heng’an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing
Attention: WEI Wei

Telephone: [Redacted]

Email: william.wei@pintec.com

The Pledgee:

Address: 906, No. 3388 New Gonghe Road, Jing'an District, Shanghai

Attention: ZHANG Taiyong

Telephone: [Redacted]

Email: tzhang@nyber.com; nuyenkk@mandra.hk; changfy@mandra.hk

Either Party may change its address to for receiving notices hereunder by giving five (5) business days' written notice to the other Party in such manner as set forth in this Article.

15. Severability

If one or more provisions of this Agreement are held invalid, illegal or unenforceable in any respect under any law or regulation, such invalidity, illegality or unenforceability shall in no way affect or prejudice the validity, legality and enforceability of the remaining provisions hereof in any respect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with valid provisions that come closest to the economic effect of such invalid, illegal or unenforceable provisions with valid provisions to the maximum extent permitted by law and expected by the Parties.

16. Effectiveness and Modification

16.1 This Agreement shall come into force as of the date when it is duly entered into by the Parties, and shall terminate when all the Contractual Obligations have been fulfilled and all the Secured Debts have been paid off.

16.2 Any amendment, modification and supplement to this Agreement must be made by each Party in writing. Any amendment agreement and supplementary agreement signed by the Parties regarding this Agreement shall be an integral part of this Agreement and shall have the same legal effect as this Agreement.

17. Language and Counterparts

This Agreement is written in Chinese in three (3) counterparts, each of the Pledgee and the Pledgor holds one (1) counterpart, and the remaining counterpart is used of registration.

[the remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Equity Pledge Agreement to be duly executed by its authorized representative as of the date first above written.

Pledgee: Shanghai Mandra Technology Co., Ltd. (seal)

/s/ Shanghai Mandra Technology Co., Ltd.

By: /s/ ZHANG Taiyong
Name: ZHANG Taiyong
Title: Legal Representative

IN WITNESS WHEREOF, each of the Parties hereto has caused this Equity Pledge Agreement to be duly executed by its authorized representative as of the date first above written.

Pledgor: Shanghai Anquying Technology Co., Ltd. (seal)

/s/ Shanghai Anquying Technology Co., Ltd.

By: /s/ CHEN Bingqing
Name: CHEN Bingqing
Title: Legal Representative

Exhibit 4.48

Loan Agreement

This Loan Agreement (this “**Agreement**”) is made in Chaoyang District, Beijing on August 30, 2019 by and between:

Lender: Sky City (Beijing) Technology Co., Ltd.

Address: 3009, 3/F, Auxiliary Building of Bowangyuan, Yangfangdian, Haidian District, Beijing

Borrower: Lerong Duoyuan (Beijing) Technology Co., Ltd.

Address: 806, 8/F, Building 4#, Yard 18, Suzhou Street, Haidian District, Beijing

WHEREAS, the Lender agrees to provide a loan to the Borrower for the purpose set forth herein, through friendly consultation, the Parties hereby agree as follows:

1. <u>Loan</u>

1.1 The Lender agrees to provide the Borrower with a loan of RMB15,000,000 (fifteen million Yuan) subject to the terms and conditions set forth herein (the “**Loan**”).

1.2 The Loan shall be granted to the Borrower upon satisfaction of the conditions precedent set forth in Section 4 below.

1.3 The Term of Loan shall be one year (calculated on the basis of 365 days a year) commencing from the date that the Loan is remitted to the bank account of the Borrower (the “**Term of Loan**”), and may be extended with the mutual consent of the Parties.

1.4 The Lender agrees that the interest rate for the Loan during the Term of Loan specified in Section 1.2 shall be 7% per annum.

2. <u>Purpose of Loan</u>

2.1 The Parties agree that the Loan hereunder shall be used for the purpose of satisfying the Borrower’s working capital needs.

3. <u>Repayment</u>

3.1 The Borrower shall repay the Loan to the Lender in one lump sum on the expiry date of the Term of Loan (the “**Due Date**”). The Parties agree that the Borrower shall have the right to repay all or part of the Loan prior to the Due Date, in which case, the interest on the portion of the Loan prepaid by the Borrower shall accrue till the date of repayment thereof by the Borrower.

3.2 The Lender and the Borrower hereby agree and acknowledge that any repayment of the Loan by the Borrower shall not be subject to any additional condition or require a notice of repayment given by the Borrower to the Lender.

4. <u>Conditions Precedent</u>

4.1 The provision of the Loan by the Lender to the Borrower shall be subject to the satisfaction of the following conditions (the Lender shall have the right, but no obligation, to waive any or all of the conditions precedent to the provision of the Loan set forth in this Section 4.1):

(1) the representations and warranties made by the Borrower shall be true, accurate and complete as of the date the Lender provides the Loan; and

(2) the Borrower shall confirm that when or before the Lender provides the Loan, there is no event that has a material adverse effect on the Borrower or its financial conditions, or on the legal rights and capacity, civil capacity or financial conditions of the Borrower.

5. <u>Representations and Warranties</u>

5.1 The Lender hereby represents and warrants that:

(1) it is a limited liability company duly incorporated and validly existing under the laws of China;

(2) it has the authority to enter into this Agreement and perform its obligations hereunder;

(3) this Agreement constitutes valid and binding obligations of it, enforceable against it in accordance with the terms hereof; and

(4) The funds used for providing the Loan hereunder come from legal sources, are not the funds coming from or of the nature of the criminal gains and proceeds derived from drug-related crimes, crimes committed by organizations of the nature of criminal gangs, terrorist crimes, crimes of smuggling, graft and bribery, crimes of disrupting the order of financial administration, crimes of financial fraud, and are free from conditions in violation of the Anti-money Laundering Law of the People's Republic of China or other applicable laws and regulations.

5.2 The Borrower hereby represents and warrants that:

(1) it is a limited liability company duly incorporated and validly existing under the laws of China;

(2) it has the authority to enter into this Agreement and perform its obligations hereunder; and

(3) this Agreement constitutes valid and binding obligations of it, enforceable against it in accordance with the terms hereof.

6. Confidentiality

6.1 The Parties acknowledge and confirm that any information, oral or written, exchanged between the Parties in connection with this Agreement shall be deemed as confidential information. Each Party shall maintain the secrecy of all such confidential information and shall not disclosure any confidential information to any third party without the prior written consent of the other Party, except any information that: (a) is or becomes known to the public (not as a result of disclosure thereof by the Party receiving such confidential information to the public without authorization); (b) is required to be disclosed according to the applicable laws and regulations; or (c) needs to be disclosed to its board of directors or legal or financial advisors for purpose of the transactions contemplated hereby, provided that such directors or legal or financial advisors are bound by the obligation of confidentiality similar to that set forth in this Section 6.1. Any disclosure of confidential information by any employee of or agent hired by a Party shall be deemed as a disclosure made by such Party, for which such Party shall be held liable for breach of agreement. The provisions of this Section 6.1 shall survive any termination of this Agreement for any reason.

7. Liability for Breach

7.1 Any Party who violates any provisions hereof, or fails to perform its obligations hereunder or causes all or part of this Agreement to be unable to perform shall assume the liability for breach of agreement and indemnify the other Party for the losses (including costs of litigation and attorney's fee) arising therefrom. If both Parties breach this Agreement, the Parties shall assume their respective liabilities depending on the actual circumstances.

8. Governing Law and Dispute Resolution

8.1 The formation, validity, interpretation, performance, amendment, termination and dispute resolution in respect of this Agreement shall be governed by the laws of the People's Republic of China.

8.2 Any dispute arising out of interpretation or performance of this Agreement shall be settled by the Parties through friendly consultation in the first instance. If such dispute fails to be resolved within 30 days after a Party sends a written notice to the other Party requesting the settlement thereof thorough consultation, either Party may submit the dispute to the China International Economic and Trade Arbitration Commission for settlement by arbitration in accordance with its arbitration rules then in effect. The place of arbitration shall be Beijing. The language of arbitration shall be Chinese. The arbitration award shall be final and binding on the Parties.

9. Miscellaneous

9.1 Any amendment or supplement to this Agreement or exhibits hereto must be made in writing.

9.2 This Agreement shall take effect from the signing date hereof, and remain in effect till the repayment of the Loan hereunder in full.

9.3 If one or more provisions of this Agreement are held invalid, illegal or unenforceable in any respect under any law or regulation, such invalidity, illegality or unenforceability shall in no way affect or prejudice the validity, legality and enforceability of the remaining provisions hereof in any respect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with valid provisions that come closest to the economic effect of such invalid, illegal or unenforceable provisions with valid provisions to the maximum extent permitted by law and expected by the Parties.

9.4 Any matter not specifically addressed herein may be settled by the Parties in writing through consultation.

9.5 This Agreement shall be made in Chinese and in two counterparts, one counterpart to be held by the Parties respectively with equal legal effect.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement, effective as of the date first above written.

Lender: Sky City (Beijing) Science and Technology Co., Ltd. (seal)

/s/ Sky City (Beijing) Science and Technology Co., Ltd.

Borrower: Lerong Duoyuan (Beijing) Technology Co., Ltd. (seal)

/s/ Lerong Duoyuan (Beijing) Technology Co., Ltd.

Loan Agreement

This Loan Agreement (this “**Agreement**”) is made in Chaoyang District, Beijing on September 9, 2019 by and between:

Lender: Sikaisite (Beijing) Science and Technology Co., Ltd.

Address: 3009, 3/F, Auxiliary Building of Bowangyuan, Yangfangdian, Haidian District, Beijing

Borrower: Lerong Duoyuan (Beijing) Technology Co., Ltd.

Address: 806, 8/F, Building 4#, Yard 18, Suzhou Street, Haidian District, Beijing

WHEREAS, the Lender agrees to provide a loan to the Borrower for the purpose set forth herein, through friendly consultation, the Parties hereby agree as follows:

1. Loan

1.1 The Lender agrees to provide the Borrower with a loan of RMB122,000,000 (one hundred twenty two million Yuan) subject to the terms and conditions set forth herein (the “**Loan**”).

1.2 The Loan shall be granted to the Borrower upon satisfaction of the conditions precedent set forth in Section 4 below.

1.3 The Term of Loan shall be three calendar months commencing from the date hereof and ending on December 8, 2019 (the “**Term of Loan**”), and may be extended with the mutual consent of the Parties.

1.4 The Lender agrees that the interest rate for the Loan during the Term of Loan specified in Section 1.2 shall be 7% per annum.

2. Purpose of Loan

2.1 The Parties agree that the Loan hereunder shall be used for the purpose of satisfying the Borrower’s working capital needs.

3. Repayment

3.1 The Borrower shall repay the Loan to the Lender in monthly installments as follows: on the last day of each calendar month during the Term of Loan (each a “**Due Date**”), the Borrower shall repay part of the principal of the Loan, in the amount of RMB40,000,000 (forty million Yuan), RMB40,000,000 (forty million Yuan) and RMB42,000,000 (forty two million Yuan) respectively, together with the interest accrued in that month.

3.2 The Parties agree that the Borrower shall have the right to repay all or part of the Loan prior to the applicable Due Date, in which case, the interest on the portion of the Loan prepaid by the Borrower shall accrue till the date of repayment thereof by the Borrower.

3.3 The Lender and the Borrower hereby agree and acknowledge that any repayment of the Loan by the Borrower shall not be subject to any additional condition or require a notice of repayment given by the Borrower to the Lender.

4. Conditions Precedent

4.1 The provision of the Loan by the Lender to the Borrower shall be subject to the satisfaction of the following conditions (the Lender shall have the right, but no obligation, to waive any or all of the conditions precedent to the provision of the Loan set forth in this Section 4.1):

(1) the representations and warranties made by the Borrower shall be true, accurate and complete as of the date the Lender provides the Loan; and

(2) the Borrower shall confirm that when or before the Lender provides the Loan, there is no event that has a material adverse effect on the Borrower or its financial conditions, or on the legal rights and capacity, civil capacity or financial conditions of the Borrower.

5. Guarantee for Repayment

5.1 In consideration that the Lender's affiliate Shanghai Anquying Technology Co., Ltd., the Borrower and the Borrower's affiliate Beijing LeRong Duoyuan Information Technology Co. Ltd. entered into a *Strategic Cooperation Agreement* in December 2017 and a supplementary agreement thereto on July 19, 2019, the Parties agree that if the Borrower fails to repay the principal of the Loan and accrued interest at any monthly Due Date, the Lender shall suspend the payment of the asset management fee payable for the relevant month under such *Strategic Cooperation Agreement*, or if the Lender has already paid the asset management fee for that month, suspend the payment of the asset management fee for the next month until the payment of the amounts due hereunder by the Borrower.

6. Representations and Warranties

6.1 The Lender hereby represents and warrants that:

(1) it is a limited liability company duly incorporated and validly existing under the laws of China;

(2) it has the authority to enter into this Agreement and perform its obligations hereunder;

(3) this Agreement constitutes valid and binding obligations of it, enforceable against it in accordance with the terms hereof; and

(4) The funds used for providing the Loan hereunder come from legal sources, are not the funds coming from or of the nature of the criminal gains and proceeds derived from drug-related crimes, crimes committed by organizations of the nature of criminal gangs, terrorist crimes, crimes of smuggling, graft and bribery, crimes of disrupting the order of financial administration, crimes of financial fraud, and are free from conditions in violation of the Anti-money Laundering Law of the People's Republic of China or other applicable laws and regulations.

6.2 The Borrower hereby represents and warrants that:

(1) it is a limited liability company duly incorporated and validly existing under the laws of China;

(2) it has the authority to enter into this Agreement and perform its obligations hereunder; and

(3) this Agreement constitutes valid and binding obligations of it, enforceable against it in accordance with the terms hereof.

7. Confidentiality

7.1 The Parties acknowledge and confirm that any information, oral or written, exchanged between the Parties in connection with this Agreement shall be deemed as confidential information. Each Party shall maintain the secrecy of all such confidential information and shall not disclosure any confidential information to any third party without the prior written consent of the other Party, except any information that: (a) is or becomes known to the public (not as a result of disclosure thereof by the Party receiving such confidential information to the public without authorization); (b) is required to be disclosed according to the applicable laws and regulations; or (c) needs to be disclosed to its board of directors or legal or financial advisors for purpose of the transactions contemplated hereby, provided that such directors or legal or financial advisors are bound by the obligation of confidentiality similar to that set forth in this Section 7.1. Any disclosure of confidential information by any employee of or agent hired by a Party shall be deemed as a disclosure made by such Party, for which such Party shall be held liable for breach of agreement. The provisions of this Section 7.1 shall survive any termination of this Agreement for any reason.

8. Liability for Breach

8.1 Any Party who violates any provisions hereof, or fails to perform its obligations hereunder or causes all or part of this Agreement to be unable to perform shall assume the liability for breach of agreement and indemnify the other Party for the losses (including costs of litigation and attorney's fee) arising therefrom. If both Parties breach this Agreement, the Parties shall assume their respective liabilities depending on the actual circumstances.

9. Governing Law and Dispute Resolution

9.1 The formation, validity, interpretation, performance, amendment, termination and dispute resolution in respect of this Agreement shall be governed by the laws of the People's Republic of China.

9.2 Any dispute arising out of interpretation or performance of this Agreement shall be settled by the Parties through friendly consultation in the first instance. If such dispute fails to be resolved within 30 days after a Party sends a written notice to the other Party requesting the settlement thereof thorough consultation, either Party may submit the dispute to the China International Economic and Trade Arbitration Commission for settlement by arbitration in accordance with its arbitration rules then in effect. The place of arbitration shall be Beijing. The language of arbitration shall be Chinese. The arbitration award shall be final and binding on the Parties.

10. Miscellaneous

10.1 Any amendment or supplement to this Agreement or exhibits hereto must be made in writing.

10.2 This Agreement shall take effect from the signing date hereof, and remain in effect till the repayment of the Loan hereunder in full.

10.3 If one or more provisions of this Agreement are held invalid, illegal or unenforceable in any respect under any law or regulation, such invalidity, illegality or unenforceability shall in no way affect or prejudice the validity, legality and enforceability of the remaining provisions hereof in any respect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with valid provisions that come closest to the economic effect of such invalid, illegal or unenforceable provisions with valid provisions to the maximum extent permitted by law and expected by the Parties.

10.4 Any matter not specifically addressed herein may be settled by the Parties in writing through consultation.

10.5 This Agreement shall be made in Chinese and in two counterparts, one counterpart to be held by the Parties respectively with equal legal effect.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement, effective as of the date first above written.

Lender: Sikaisite (Beijing) Science and Technology Co., Ltd. (seal)

/s/ Sikaisite (Beijing) Science and Technology Co., Ltd.

Borrower: Lerong Duoyuan (Beijing) Technology Co., Ltd. (seal)

/s/ Lerong Duoyuan (Beijing) Technology Co., Ltd.

Exhibit 4.50

Partnership Agreement

of

Huatai (Ningxia) Enterprise

Counseling Service Partnership

(Limited Partnership)

October 2019

Partnership Agreement

of

Huatai (Ningxia) Enterprise Counseling Service Partnership

(Limited Partnership)

This Agreement is made in Yinchuan, Ningxia as of October 21, 2019 by and between:

Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)

Address: No. 57 Yinchuan Economic and Technological Development Zone Innovation Park, East Huanghe Road, Jinfeng District, Yinchuan City

Representative of the managing partner: WANG Xiwei and

Pintec (Ganzhou) Technology Co., Ltd.

Address: 502, Building B4, Ganzhou International Enterprise Center, north side of Xiangjiang Avenue and west side of North Huajian Road, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi

Legal representative: WEI Wei

This Partnership Agreement of Huatai (Ningxia) Enterprise Counseling Service Partnership (Limited Partnership) (this "**Partnership Agreement**") is entered into by and between Pintec (Ganzhou) Technology Co., Ltd., as the General Partner, and the Limited Partner listed below and executing this Partnership Agreement

The General Partner and the Limited Partner listed below are collectively referred to as the "**Parties**". Pursuant to *the Limited Partnership Law of the People's Republic of China* (the "**Partnership Law**"), *the Contract Law of the People's Republic of China* (the "**Contract Law**") and other applicable laws, rules and regulations, through friendly consultation, the Parties agree to jointly establish a limited partnership, and hereby enter into this Partnership Agreement for mutual compliance:

Chapter 1 Interpretation

1.1 Definitions

For purpose of this Partnership Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth in this Section 1.1:

1.1.1 “**Partnership Agreement**” means this *Partnership Agreement of Huatai (Ningxia) Enterprise Counseling Service Partnership* (Limited Partnership).

1.1.2 “**Partnership Law**” means *the Limited Partnership Law of the People’s Republic of China*.

1.1.3 “**Limited Partnership**”, the “**Limited Partnership**”, “**Partnership**” or the “**Partnership**” means Huatai (Ningxia) Enterprise Counseling Service Partnership (Limited Partnership) jointly established by the Parties hereto pursuant to the Partnership Law.

1.1.4 “**Person**” means any natural person, partnership, company or other legal or economic entity.

1.1.5 “**Affiliate**” means, with respect to any Person, any other Person that is controlled by, controls or is under common control with such Person. For purpose of the preceding sentence, “control” means possessing the power to direct the main business or personal activities of a Person, whether through ownership of shares or voting power or any other relationship that is generally deemed to have the power of control.

1.1.6 “**Limited Partnership Expenses**” means the expenses that shall be borne by the Limited Partnership itself.

1.1.7 “**General Partner**” means Pintec (Ganzhou) Technology Co., Ltd., the General Partner of the Limited Partnership.

1.1.8 “**Limited Partner**” means Yinchuan Xingyin Investment Fund Partnership (Limited Partnership), the Limited Partner of the Limited Partnership.

1.1.9 “**Managing Partner**” means the Managing Partner of the Limited Partnership, i.e. the General Partner Pintec (Ganzhou) Technology Co., Ltd.

1.1.10 “**Partners**” means the General Partner and the Limited Partner collectively, and “**Partner**” means the General Partner or the Limited Partner (as applicable), unless otherwise indicated herein.

1.1.11 “**Subscribed Capital Contribution**” means, with respect to any Partner, the amount that such Partner has agreed to contribute to the Limited Partnership pursuant to this Partnership Agreement.

1.1.12 “**Total Subscribed Capital Contribution**” means the total amount that the Partners have agreed to contribute to the Limited Partnership pursuant to this Partnership Agreement.

1.1.13 “**Contributed Capital**” means, with respect to any Partner, the amount that such Partner has actually contributed to the Limited Partnership pursuant to this Partnership Agreement.

1.1.14 “Working **Day**” means any day that is not a legal holiday or day off in China.

1.1.15 “**RMB**” means Renminbi, unless otherwise specified.

1.1.16 “**Income**” means the total proceeds received by the Limited Partnership (excluding the principal) net of the Limited Partnership Expenses.

1.1.17 “**Material Event**” means any of the following: any violation of the laws and regulations or any punishment that may affect the security of Partnership assets; any material adjustment of the applicable laws, regulations or policies that may affect the security of Partnership assets; or any other event that may cause material loss to Partnership assets, including without limitation any material loss to the assets or any investment project (representing at least 10% of the total assets of the Partnership) of the Partnership; any change in the legal name or domicile of the General Partner; any material litigation, arbitration or other administrative actions instituted by or against the Partnership or the General Partner; any related-party transaction involving Partnership’s assets; any change in the major shareholders or contribution structure of the General Partner; the General Partner goes bankrupt, enters into liquidation, has its business license revoked or otherwise loses its capacity or ability to manage the Partnership; the investee of the Partnership runs into serious difficulties in business operation or there’s sufficient evidence showing that such investee has failed in its technology or product development; or the investee of the Partnership or any key member of its management is involved in any litigation or arbitration proceedings or subject to restrictions imposed by any judicial or administrative authority on its or his property.

1.2 Headings

The section headings contained in this Partnership Agreement are for reference purposes only and shall not be construed to define, limit or expand the scope of this Partnership Agreement or the provisions hereof.

Chapter 2 Establishment of the Limited Partnership

2.1 Basis of establishment

Pursuant to *the Limited Partnership Law of the People’s Republic of China* (the “**Partnership Law**”), *the Contract Law of the People’s Republic of China* (the “**Contract Law**”) and other applicable laws, rules and regulations, and the terms and conditions set forth in this Partnership Agreement, the Parties agree in writing to jointly establish a limited partnership.

2.2 Name

Name of the Limited Partnership: Huatai (Ningxia) Enterprise Counseling Service Partnership (Limited Partnership) (subject to final approval by and registration with the competent administration for industry and commerce).

2.3 Registered address

Registered address of the Limited Partnership: Room 1405, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia (subject to final approval by and registration with the competent administration for industry and commerce).

2.4 Purpose of partnership

The purpose of the Limited Partnership is to contribute RMB500,000,000 to the registered capital of Pintec (Yinchuan) Technology Co., Ltd. (the "**Target Company**"), of which, RMB8,000,000 will be added to the paid-in capital of the Target Company, representing 40% of the total registered capital (RMB20,000,000) of the Target Company immediately after such capital increase, and the balance thereof will be recorded as the capital reserve of the Target Company.

2.5 Scope of business

Scope of business of the Limited Partnership: economic information consulting, business information consulting and enterprise management counseling (any business subject to approval according to law may only be operated with the approval of the competent authorities) (subject to final approval by and registration with the competent administration for industry and commerce).

2.6 Establishment and term of partnership

The Parties agree and undertake in writing to execute all documents and perform all procedures necessary for the registration of the Limited Partnership. The date of establishment of the Limited Partnership shall be the issue date of its business license. The Limited Partnership shall have a term of 【5】 years.

2.7 Special agreement prior to the establishment of the Limited Partnership

The Managing Partner shall be responsible for all matters relating to the establishment of the Limited Partnership. The Limited Partner shall give cooperation to the Managing Partner and provide necessary documents and perform necessary procedures in connection therewith.

Chapter 3 Partners and Their Capital Contributions

3.1 Partners

3.1.1 The General Partner of the Limited Partnership is Pintec (Ganzhou) Technology Co., Ltd.

3.1.2 Names and addresses of Partners

No.	Name	Type	Address
1	Pintec (Ganzhou) Technology Co., Ltd.	General Partner and Managing Partner	502, Building B4, Ganzhou International Enterprise Center, north side of Xiangjiang Avenue and west side of North Huajian Road, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi
2	Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)	Limited Partner	No. 57 Yinchuan Economic and Technological Development Zone Innovation Park, East Huanghe Road, Jinfeng District, Yinchuan

3.2 Register of Partners

The Managing Partner shall maintain a register of Partners at its place of business, which shall contain the name, address, Subscribed Capital Contribution and Contributed Capital of each Partner and other information that the Managing Partner deems necessary. The Managing Partner shall update the register of Partners from time to time in case of any change in such information.

3.3 Subscribed Capital Contributions

The amount of Total Subscribed Capital Contributions made by the Partners as of the date of this Partnership Agreement is RMB500,000,000 (In words: five hundred million Yuan), wherein:

(1) the General Partner Pintec (Ganzhou) Technology Co., Ltd. agrees to contribute RMB300,000,000 (In words: three hundred million Yuan); and

(2) the Limited Partner Yinchuan Xingyin Investment Fund Partnership (Limited Partnership) agrees to contribute RMB200,000,000 (In words: two hundred million Yuan).

No.	Name	Subscribed Capital Contribution (RMB)	Ratio of Subscribed Capital Contribution	Form of capital contribution	Time limit for capital contribution
1	Pintec (Ganzhou) Technology Co., Ltd.	300,000,000	60%	Cash	Prior to October 31, 2022
2	Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)	200,000,000	40%	Cash	Prior to October 31, 2022

3.4 Capital contributions

3.4.1 The General Partner and the Limited Partner shall make capital contributions at the same ratio and time as specified in the Capital Call issued by the Managing Partner .

3.4.2 The Managing Partner shall issue a *Capital Call* to each of the Partners before the Partners are required to make capital contributions each time. Such Capital Call shall be delivered to each Partner 5 Working days in advance and specify the time limit for such capital contribution (the "**Due Date**").

3.4.3 Each Partner shall make capital contributions in respect of its Subscribed Capital Contribution according to the provisions hereof and the requirements of the relevant *Capital Call*.

Chapter 4 General Partner

4.1 Unlimited liability

The General Partner shall assume an unlimited joint and several liability for the debts of the Limited Partnership.

4.2 Representative of the Managing Partner

The Managing Partner of the Partnership is Pintec (Ganzhou) Technology Co., Ltd. The Managing Partner shall appoint its representative in writing and notify the Limited Partner of the same. The Managing Partner shall procure that its representative will handle the affairs of the Limited Partnership independently and comply with the provisions hereof.

4.3 Powers

Unless otherwise provided herein, the Managing Partner shall have the power of investment management and implementation with respect to the affairs of the Limited Partnership and other powers granted to it under *the Partnership Law* and this Partnership Agreement, including without limitation:

(1) to conduct the specific business of the Limited Partnership pursuant to this Partnership Agreement, resolutions of the meeting of Partners and resolutions of the Investment Committee;

(2) to manage and maintain the assets of the Limited Partnership, including without limitation investment assets, non-investment assets and intellectual property rights;

(3) to take all actions required to enable the Limited Partnership to maintain its good standing and conduct the business in the capacity of a limited partnership;

(4) to take all necessary actions to safeguard the security of the properties of the Limited Partnership and minimize the risks that the business activities of the Limited Partnership may bring to the Limited Partnership, the General Partner and their respective properties to the extent practicable;

(5) to handle the tax affairs of the Limited Partnership in accordance with the applicable tax regulations of the country; and

(6) to execute, deliver and perform the documents on behalf of the Limited Partnership.

4.4 Duties

4.4.1 The General Partner shall be assiduous in performance of duties pursuant to the provisions hereof, maintain the uniformity, integrity and security of Partnership properties, preserve and increase the value of Partnership properties, and perform the following duties (without limitation):

(1) to deliver the operation report and financial statements of the Limited Partnership in writing to the Limited Partner every half a year; and

(2) to promptly report the occurrence of any Material Event affecting the assets of the Partnership to the Limited Partner in writing.

Chapter 5 Limited Partner

5.1 Limited liability

The liability of the Limited Partner for the debts of the Limited Partnership shall be limited to its Subscribed Capital Contribution.

5.2 Rights

5.2.1 To supervise the management of the affairs of the Partnership by the General Partner;

5.2.2 To participate in the decision on the admission or withdrawal of any Partner;

5.2.3 To access the information about the business situations and financial conditions of the Partnership;

5.2.4 To request the convening of, attend or appoint a proxy to attend and exercise its voting right at any meeting of Partners according to law;

5.2.5 To transfer the investment held by it in the Partnership pursuant to the applicable laws and regulations and the provisions hereof;

5.2.6 To participate in the Income distribution of the Partnership pursuant to the provisions hereof;

5.2.7 When the Managing Partner fails to exercise its rights, to bring actions in its own name for the benefit of the Partnership; and

5.2.8 To exercise other rights available under the applicable laws and regulations and this Partnership Agreement.

5.3 Duties

5.3.1 To make capital contributions on time, comply with the requirements of Capital Calls and perform the obligation of capital contributions thereunder, and maintain the uniformity of Partnership properties pursuant to the provisions hereof;

5.3.2 Not to engage in any investment activity to the detriment of the interest of the Partnership;

5.3.3 Not to handle the affairs of the Partnership or represent the Partnership, however, the Limited Partner shall not be deemed to handle the affairs of the Partnership if it:

(1) participates in the decision on the admission or withdrawal of the General Partner;

(2) participates in the selection of any accounting firm to perform an audit on the Partnership;

(3) obtains any audited financial and accounting report of the Partnership;

(4) inspects the financial accounts and other financial data of the Partnership involving its interest;

(5) lodges claims or takes actions against any responsible Partner when its interest in the Partnership is damaged; or

(6) when the Managing Partner fails to exercise its rights, urges it to do so or brings actions in its own name for the benefit of the Partnership; and

5.3.4 To perform other duties provided by the applicable laws and regulations and this Partnership Agreement.

5.4 Representations and warranties of the Limited Partner

The Limited Partner hereby represents and warrants that:

(1) it has carefully read and understands the meanings of this Partnership Agreement, and the General Partner has fully disclosed and called its attention to the risks associated with its investment and duly performed the duties and obligations of the General Partner hereunder;

(2) the capital contributed by it to the Limited Partnership comes from legal sources and its method of capital contribution complies with the applicable laws and regulations and the provisions hereof; and

(3) it has performed the applicable internal procedures to adopt valid resolutions on and obtained due authorization for its execution of this Partnership Agreement, the person signing this Partnership Agreement on its behalf is its legal and valid representative, and its execution of this Partnership Agreement will not cause it to be in violation of its articles of association, or any provision legally binding on it or to breach its obligations under any other agreement.

Chapter 6 Affairs of the Partnership

6.1 Management of the affairs of the Partnership

6.1.1 The Managing Partner shall:

(1) be a company or partnership duly incorporated in the Mainland China;

(2) make its capital contributions to the Partnership on time, and assume an unlimited joint and several liability for the debts of the Partnership;

(3) not have any director, supervisor, officer or employee who has seriously violated the law in the past three years;

(4) has the premises, security facilities and other facilities required for the operation of the Partnership that meet the applicable conditions; and

(5) have in place sound internal governance structure and risk control system.

6.1.2 Unless otherwise provided by the law or this Partnership Agreement, the Managing Partner shall have the exclusive power to manage, control and operate the Limited Partnership and its investment and other activities. Such powers shall be exercised by the Managing Partner directly or through any representative appointed by the Managing Partner.

6.1.3 The Managing Partner shall have the right to enter into contracts for the Limited Partnership in the name of the Limited Partner, to effectuate the business objectives and purpose of the Limited Partnership.

6.1.4 Duties of the Managing Partner

(1) To make its capital contributions to the Partnership in full within the time limit specified in this Partnership Agreement;

(2) If it carries on any related-party transaction in the name of the Limited Partnership with it or any of its Affiliates pursuant to the provisions hereof without the unanimous consent of the Partners, to ensure that such related-party transaction observes the arm's-length principle of pricing, and will not damage the interest of the Partnership or the Limited Partner; and

(3) To ensure that the management and operation of the Partnership comply with the applicable laws and regulations and the provisions hereof.

6.2 Investment Committee

6.2.1 The Partners unanimously agree in writing that the Limited Partnership shall set up an investment committee (the "**Investment Committee**"), which shall be the investment decision-making body of the Partnership, responsible for deciding on the investments falling within the purpose specified herein during the Term of the Partnership.

6.2.2 The Investment Committee shall consist of 【3】 members, including one member appointed by Yinchuan Xingyin Investment Fund Partnership (Limited Partnership) and two members appointed by Pintec (Ganzhou) Technology Co., Ltd. In case the number of the members of the Investment Committee is less than the number prescribed above due to resignation or removal of any member or any other reason, new member(s) shall be appointed.

6.2.3 During the Term of the Limited Partnership, the composition of the Investment Committee or the right to appoint members thereof shall not be modified without the unanimous written consent of the Partners.

6.2.4 A meeting of the Investment Committee shall be held only when all members thereof are present. Any resolution of the Investment Committee shall be valid only if it has been approved by all members present at the meeting. A member of the Investment Committee who is not present at the meeting for any reason shall appoint a proxy in writing to attend and exercise his voting rights at the meeting on his behalf. The Managing Partner shall be responsible for implementing the resolutions adopted by the Investment Committee.

6.2.5 The Investment Committee may hold face-to-face meetings or adopt resolutions in writing. A meeting of the Investment Committee shall be valid only when all members thereof are present, and shall be chaired by the member appointed by the Managing Partner.

Chapter 7 Meeting of Partners

7.1 The meeting of Partners shall be the highest authority of the Partnership, and comprise all Partners. The General Partner shall appoint two representatives, and the Limited Partner shall appoint one representative, to attend the meeting of Partners. The meeting of Partners shall be convened and chaired by the representative appointed by the Managing Partner.

7.2 The Partners shall hold regular meetings at least once a year, which shall be held within 30 Working Days after each anniversary of the date of establishment of the Partnership. A special meeting of Partners may be convened on the requisition of the Managing Partner or two thirds of the Partners.

7.3 With respect to each meeting of Partners, the Managing Partner shall notify the Partners of the time and date of the meeting and the matters for consideration at the meeting (including sufficient background and information about such matters, to facilitate the decision-making by the Partners; any matter not set forth in such notice shall not be discussed at the meeting), in writing, by telephone, text message or email or otherwise, 7 Working Days prior to the date of the meeting if it is a regular meeting, or 3 Working Days prior to the date of the meeting if it is a special meeting.

7.4 Each Partner shall have one vote at the meeting of Partners. Votes may be cast by facsimile or otherwise in writing.

7.5 Meeting of Partners

7.5.1 Resolutions on the following matters shall be subject to unanimous consent of the Partners:

(1) any change in the name, scope of business or principal place of business of the Partnership;

(2) dissolution or liquidation of the Partnership;

(3) any amendment to this Partnership Agreement;

(4) any transfer or disposal of the real estate, intellectual property rights or other property rights of the Partnership;

(5) any transaction between a Partner and the Partnership;

(6) admission or withdrawal of any Limited Partner;

(7) provision of any guarantee in the name of the Partnership;

(8) decision on the members of the Investment Committee;

(9) upon any distribution by, withdrawal from or liquidation of the Partnership, selection of the method and an agency to evaluate the assets (including the equities that have not been liquidated) held by the Partnership; and

(10) other matters that shall be decided by the meeting of Partners pursuant to the applicable laws and regulations or the provisions hereof.

Chapter 8 Expenses, Income Distribution and Loss Sharing

8.1 Expenses

The operating expenses incurred in the management and operation of the Partnership shall be borne by the General Partner.

8.2 Principle of income distribution and loss sharing

The income earned by the Partnership from its investment in the Target Company mainly consists of the income on equity investment and other income. Government subsidies (including tax returns and fiscal subsidies, if any) received by the Partnership shall not be included in its investment income, and shall be wholly distributed to the Managing Partner after receipt thereof.

The investment income earned and the operating losses incurred by the Partnership during its Term shall be distributed to the Partners pro rata in proportion to their Contributed Capital, unless otherwise agreed by the Partners.

8.3 Income tax

Pursuant to *the Partnership Law*, the Limited Partnership is not a taxpayer for income tax purpose, so each Partner shall file the income tax returns and pay income taxes in respect of its investment income in connection with the Limited Partnership.

8.4 Value-added tax and related surcharges

The Limited Partnership shall pay the value-added taxes and related surcharges, if any, that may be imposed on it during its Term.

8.5 Assumption of operating losses

In case the General Partner violates the applicable laws and regulations or the provisions hereof resulting in any loss to the Partnership, the General Partner shall bear and indemnify the Partnership for such loss.

Chapter 9 Accounting and Report

9.1 Bookkeeping

The Managing Partner shall maintain account books of the Limited Partnership during such period as required by law that conform to the applicable laws and reflect the transactions of the Limited Partnership, as the basis of the financial statements of the Limited Partnership submitted to the Limited Partner.

9.2 Accounting year

The accounting year of the Limited Partnership shall begin on January 1 and end on December 31 of each calendar year, provided that the first accounting year of the Limited Partnership shall begin on the date of establishment of the Limited Partnership and end on December 31 of the year in which it was established, and the last accounting year of the Limited Partner shall begin on January 1 of that year and end on the date immediately preceding the beginning of the liquidation period of the Limited Partnership.

Chapter 10 Transfer of Interests and Withdrawal

10.1 Transfer of interests by Partner

A Partner may transfer the interests held by it in the Partnership with the unanimous consent of the Partners.

10.2 Withdrawal of Partner

A Partner may withdraw from the Partnership with the unanimous consent of the Partners. In such case, the other Partner(s) shall make a settlement with the withdrawn Partner according to the then financial conditions of the Partnership and have the Partnership return the withdrawn Partner’s share of the properties of the Partnership, and each Partner shall have the obligation to urge the Managing Partner to perform the procedures for registration of the relevant changes with the competent administration for industry and commerce and give cooperation in this regard.

10.3 After a Partner withdraws from the Partnership, the special agreements, if any, made by it in relation to the Partnership shall cease to be effective.

Chapter 11 Dispute Resolution

Any dispute arising out of or in connection with this Partnership Agreement shall be settled by the Parties through friendly consultation in the first instance. In case no settlement can be reached, either Party may submit the dispute to the people's court having jurisdiction in the place where the Limited Partner is located for settlement through litigation.

Chapter 12 Liability for Breach

Any Party who breaches any of its obligations, covenants or warranties contained herein shall be deemed to have breached this Partnership Agreement. The non-breaching Party shall have the right to request the breaching Party to indemnify it for the losses arising therefrom, including the costs and expenses incurred by the non-breaching Party in taking remedial measures, and to assume the corresponding liability for breach depending on the actual circumstance of such breach.

Chapter 13 Dissolution and Liquidation

13.1 Dissolution

The Limited Partnership shall be terminated and liquidated in the event of any of the following:

(1) where the General Partner submits a proposal for the dissolution of the Limited Partnership which is unanimously voted through by the Partners;

(2) where the Term of the Limited Partnership expires;

(3) where all investments made by the Limited Partnership have been finished and the Limited Partnership has recovered the funds it invested in advance;

(4) where the Limited Partnership is unable to continue its operation due to any event of force majeure;

(5) where the number of Partners has been less than the number required by law for 30 days;

(6) where one or more Limited Partners seriously breach this Partnership Agreement, as a result of which the General Partner determines that the Limited Partnership is unable to continue its operation;

(7) where the Limited Partnership has its business license revoked or is ordered to close down or be dissolved according to law; or

(8) where the Limited Partnership shall otherwise be dissolved according to the applicable laws and regulations of the country or the provisions hereof.

13.2 Liquidation

13.2.1 The liquidator shall be appointed pursuant to *the Partnership Law*.

13.2.2 The liquidator shall be responsible for managing all assets of the Limited Partnership that have not been liquidated.

13.3 Order of payment upon liquidation

13.3.1 Upon the liquidation of the Limited Partnership after the expiration or termination of the Term, after payment of the liquidation expenses, the properties of the Limited Partnership shall be applied and distributed in the following order:

(1) to pay the liquidation expenses and employees' salaries;

(2) to pay social insurance contributions;

(3) to pay legal compensation;

(4) to pay the taxes due and unpaid;

(5) to discharge the debts of the Limited Partnership;

(6) to return the Contributed Capital of the Limited Partner; and

(7) to return the Contributed Capital of the General Partner.

The amounts payable under Clauses (1) and (6) must be paid in cash, and if there isn't sufficient cash available, additional assets (if any) shall be liquidated. The amounts payable under Clause (5) shall be paid in such manner as agreed with the relevant creditors through consultation.

13.3.2 Where the Limited Partnership does not have sufficient properties to discharge its debts, the General Partner shall assume an unlimited joint and several liability to the creditors of the Limited Partnership.

Chapter 14 Miscellaneous

14.1 Notices

14.1.1 Any notice, demand or communication given hereunder shall be made in writing and be deemed to have been effectively given if delivered or sent to the following addresses:

(1) If to the Managing Partner:

Attention: WANG Peicheng

Address: 10/F, Heng'an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Telephone: [Redacted]

Email: peicheng.wang@pintec.com

(2) If to the Limited Partner:

Attention: WANG Huan

Address: No. 57 Yinchuan Economic and Technological Development Zone Innovation Park, East Huanghe Road, Jinfeng District, Yinchuan City

Telephone: [Redacted]

Email: huanhuan11248@sina.com

A Partner may change its address at any time by sending a notice to the Partnership and the other Partner, provided that any notice or document delivered by the other Partner to the original address of such Partner prior to the receipt of such notice of change shall still be deemed to have been effectively given to such Partner.

14.1.2 Unless there's evidence that it was received earlier, a notice shall be deemed to have been given:

(1) if delivered in person, when delivered to the address set forth in Section 14.1.1;

(2) if sent by registered mail or express delivery, postage prepaid, 10 Working Days after deposit;

(3) if sent by air mail, 5 Working Days after deposit; or

(4) if sent by facsimile, when the sender's facsimile machine shows confirmation of transmission.

14.2 Force majeure

14.2.1 "Force majeure" means any event preventing a Party from performing all or part of this Partnership Agreement that occurs after the date hereof and is unforeseeable at the time of execution hereof, the happening and consequences of which are unavoidable or insurmountable, including without limitation earthquake, typhoon, flood, fire, war, international or domestic transportation interruption, epidemics, riot, strike and other events that are generally deemed force majeure, provided, however, any fund shortage suffered by a Party shall not be deemed an event of force majeure itself.

14.2.2 Any Party prevented from performing its obligations hereunder by an event of force majeure shall not be deemed to have breached this Partnership Agreement during the period affected by such event of force majeure, provided that the Party claiming the occurrence of such event of force majeure shall notify the other Party without delay, and within 15 days thereafter, provide sufficient proofs about the occurrence and continuance of such event of force majeure.

14.2.3 Upon the occurrence of an event of force majeure, the Partners shall immediately negotiate to seek fair solutions and use reasonable endeavors to minimize the consequences of such event of force majeure.

14.3 Exhibits

The exhibits to this Partnership Agreement are an integral part hereto and have equal legal effect as this Partnership Agreement.

14.4 Severability

If any provision hereof or its applicability to any person or circumstance is held invalid, the validity of the remaining provisions or the applicability of such provision to other persons and circumstances shall in no way be affected.

14.5 Confidentiality

Each Party to this Partnership Agreement shall have the obligation to keep in strict confidence the trade secrets of the other Party obtained by it as a result of negotiating, executing and performing this Partnership Agreement. The Limited Partner shall have the obligation to keep in strict confidence the business information of the Limited Partnership obtained by it through its financial reports, quarterly investment reports and meetings of Partners. The provisions of this Section 14.5 shall survive any amendment, suspension, rescission, termination, invalidity or cancellation of this Partnership Agreement and always be binding upon each Party hereto.

14.6 Counterparts

This Partnership Agreement shall be made in 【eight】 counterparts, two counterparts to be held by the Parties hereto respectively, and the remaining counterparts be kept by the Limited Partnership for performing the applicable procedures. Each counterpart shall have equal legal effect.

14.7 Effective date

This Partnership Agreement shall take effect after being signed or chopped by the legal/authorized representatives and stamped with the official or contract seals of the Limited Partner and the General Partner respectively. Any amendment to this Partnership Agreement shall take effect after being executed in such manner as provided herein.

14.8 Conflict

The Partners unanimously agree in writing that in case of any conflict between the provisions of this Partnership Agreement and any other agreement or document entered into between the Partners, the provisions of this Partnership Agreement shall prevail. If this Partnership Agreement has a number of versions whose contents conflict with each other, this execution version shall prevail.

[End of text]

[Signature page to Partnership Agreement of Huatai (Ningxia) Enterprise Counseling Service Partnership (Limited Partnership)]

IN WITNESS WHEREOF, this Partnership Agreement has been executed by the following Parties in Yinchuan, Ningxia on October 21, 2019:

Limited Partner (seal): Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)

/s/ Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)

Representative of the managing partner (signature or seal): /s/ WANG Xiwei

General Partner (seal): Pintec (Ganzhou) Technology Co., Ltd.

/s/ Pintec (Ganzhou) Technology Co., Ltd.

Legal or authorized representative (signature or seal): /s/ WEI Wei

Exhibit 4.51

Share Transfer Agreement

on

Pintec (Beijing) Technology Co., Ltd.

between

Pintec (Ganzhou) Technology Co., Ltd.

and

Pintec (Yinchuan) Technology Co., Ltd.

(month) (day), 2019

Share Transfer Agreement

This Share Transfer Agreement (this “Agreement”) was entered into on November 20, 2019 in Beijing by and between:

Transferor:

Pintec (Ganzhou) Technology Co., Ltd., a foreign-invested enterprise incorporated in Ganzhou in accordance with the laws of the people’s Republic of China (hereinafter referred to as “Pintec Ganzhou” or “Transferor”);

Transferee:

Pintec (Yinchuan) Technology Co., Ltd., a foreign-invested enterprise incorporated in Yinchuan in accordance with the laws of the people’s Republic of China (hereinafter referred to as “Pintec Yinchuan” or “Transferee”);

The Transferor and Transferee are collectively referred to as the “Parties.”

Whereas:

1. Pintec (Beijing) Technology Co., Ltd. (hereinafter referred to as the “Company”) is a limited company incorporated in Beijing in accordance with the laws of the People’s Republic of China and has the registered capital of RMB 335.682 million Yuan, while Pintec Ganzhou holds 100% equity interests in the Company.
2. Under the conditions and terms provided herein, Pintec Ganzhou agrees to transfer 60% equity interests (hereinafter referred to as the “Target Shares”) it holds in the Company to Pintec Yinchuan, and Pintec Yinchuan agrees to purchase the Target Shares from Pintec Ganzhou.

The Parties hereto reached the following agreement through friendly negotiation on the principles of equality and mutual benefits:

Article 1 Transfer of Shares

1. Pintec Ganzhou intends to transfer 60% equity interests in the Company to Pintec Yinchuan at the share transfer price of RMB 8 million Yuan in total (hereinafter referred to as "Total Share Transfer Price").

2. After the share transfer is completed, the shareholding structure of the Company is as follows:

Name of Shareholder	Contribution Amount (RMB Ten thousands Yuan)	Contribution Ratio (%)
Pintec (Ganzhou) Technology Co., Ltd.	13,427.28	40
Pintec (Yinchuan) Technology Co., Ltd.	20,140.92	60
Total	33,568.20	100

Article 2 Payment and Relevant Arrangement

1. The Parties shall separately negotiate about the specific time and method of payment.

2. The Transferor and the Transferee agree that, the obligations of the Transferee to pay the share transfer price in full hereunder are completely fulfilled once the Transferee makes payment for the share transfer price in accordance with the payment arrangement separately agreed upon between the Parties.

Article 3 Modification Registration and Filing with the Administration for Industry and Commerce

1. The Transferor and Transferee shall complete the formalities for the registration of modification with the administration for industry and commerce for the share transfer within 20 working days from the execution of this Agreement, for which the Parties shall cooperate with each other in providing relevant information.

2. As from the date when the registration of modification with the administration for industry and commerce is completed, Pintec Ganzhou and Pintec Yinchuan shall be entitled to and liable for the rights and obligations related to all the assets and liabilities of the Company in proportion to their shareholding ratios.

Article 4 Representations and Warranties of the Transferor

The Transferor makes the following representations and warranties to Pintec Yinchuan, and undertakes that the following representations and warranties are true, accurate, and complete as of the execution date of this Agreement:

1. The Company is a limited company duly established and validly existing under the laws of its place of registration; the Transferor is a lawful holder of the Target Shares.

2. The Transferor, on a voluntary basis, has the full rights and authorities to enter into and perform this Agreement and complete the transaction contemplated hereunder. The Transferor shall obtain the lawful and valid authorization for all necessary acts taken for this Agreement and all the transactions contemplated hereunder. This Agreement constitutes lawful, valid, and binding obligations of the Transferor.

3. The execution and performance of this Agreement is not in contradiction or conflict with the prevailing Articles of Association of the Company, the laws, regulations, and administrative orders of government authorities applicable to the Transferor, or other agreements or legal documents to which the Transferor is a party.

4. Prior to the date when the registration of modification with the administration for industry and commerce is completed for the share transfer, Pintec Ganzhou, as a shareholder holding 100% equity interests in the Company, shall be fully liable for the operating risks and debts, etc. of the Company; unless otherwise provided herein, after the registration of modification with the administration for industry and commerce is completed, Pintec Ganzhou shall bear the liabilities and enjoy the rights as a shareholder in proportion to its shareholding ratio in accordance with the provisions of the *Company Law*.

5. Pintec Yinchuan shall be exempted from any obligations, liabilities, or losses for the Company's acts in violation of laws or agreements (including but not limited to acts in violation of regulatory regulations and relevant provisions on the administration for industry and commerce, tax, labor, etc.) and the Company's debts and liabilities existing prior to the date of the registration of modification with the administration for industry and commerce for the share transfer (such acts in violation of laws or agreements and such debts and liabilities are collectively referred to as "Liabilities Prior to AIC Modification Registration"). Pintec Ganzhou undertakes that, if the Company is held liable for any obligations, liabilities, or losses on the ground of the foregoing liabilities, Pintec Ganzhou shall address such liabilities and compensate the Company for its losses.

Article 5 Representations and Warranties of Pintec Yinchuan

Pintec Yinchuan makes the following representations and warranties to Pintec Ganzhou, and undertakes that the following representations and warranties are true, accurate, and complete as of the execution date of this Agreement and from the execution date of this Agreement to the date of payment:

1. Pintec Yinchuan is a foreign-invested enterprise duly established and validly existing under the laws of its place of domicile;
2. Pintec Yinchuan, on a voluntary basis, has the full rights and authorities to enter into and perform this Agreement and complete the transaction contemplated hereunder. Pintec Yinchuan has been lawfully and validly authorized to enter into this Agreement. This Agreement constitutes lawful, valid, and binding obligations of Pintec Yinchuan.
3. Pintec Yinchuan shall provide necessary documents and take necessary measures to assist the Company in obtaining all the government approvals, consents, permits, registration, and filing required under this Agreement or required for fully performing this Agreement.

Article 6 Taxes and Charges

The Parties to the transaction shall bear their respective taxes and charges (such as income taxes and stamp duties) related to the share transfer in accordance with law.

Article 7 Rescission and Termination

1. This Agreement may be rescinded upon the occurrence of any of the following:
   (1) The Parties hereto both agree, in writing, to rescind this Agreement.
   (2) A statutory force majeure event occurs, preventing the Parties from performing this Agreement or achieving the objective of this Agreement.

(3) The Transferor materially violates any representation or warranty made in Article 4 hereof, or the representations and warranties are untrue, in which case Pintec Yinchuan may unilaterally terminate this Agreement by sending a written notice.

(4) Pintec Yinchuan materially violates any representation or warranty made in Article 5 hereof, or the representations and warranties are untrue, in which case Pintec Ganzhou may unilaterally terminate this Agreement by sending a written notice.

2. Effects of rescission and termination:

(1) The rights and obligations hereunder are terminated once this Agreement is rescinded or terminated in accordance with any of the foregoing provisions.

(2) After this Agreement is rescinded or terminated, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, refund the amounts obtained from the other Party under this Agreement, return the shares received under this Agreement, and restore the state prior to the execution of this Agreement.

(3) If, by reason of the Transferor, the Company fails to complete the registration of modification with the administration for industry and commerce within 20 working days for the share transfer, or the objective of this Agreement cannot be achieved, or Pintec Ganzhou violates the provisions of Article 2 hereof, Pintec Yinchuan may unilaterally terminate this Agreement. Meanwhile, Pintec Ganzhou shall be liable for the direct economic losses (if any) caused to Pintec Yinchuan.

(4) If, by reason of the Transferee, the Company fails to complete the registration of modification with the administration for industry and commerce within 20 working days for the share transfer, or the objective of this Agreement cannot be achieved, or Pintec Yinchuan violates the provisions of Article 2 hereof, Pintec Ganzhou may unilaterally terminate this Agreement. Meanwhile, Pintec Yinchuan shall be liable for the direct economic losses (if any) caused to Pintec Ganzhou.

(5) After this Agreement is rescinded or terminated, unless otherwise provided herein, all the rights and obligations of the Parties hereunder shall be immediately terminated, and neither Party has any other claim against the other Party under this Agreement or on the ground of the rescission of this Agreement except for the liabilities to be borne in accordance with the provisions of Items (3) and (4) of Paragraph 2 of Article 7 hereof.

Article 8 Confidentiality

1. Unless otherwise provided herein, the Parties hereto shall make their best efforts to keep the confidentiality of any technical or business information ("Confidential Information") in any form of the other Party obtained by performing this Agreement, such information including but not limited to any content hereof and other possible cooperation and transactions between the Parties. Any Party shall restrict such information only to its employees, agents, contractors, suppliers, etc. that are required to know such information for properly performing the obligations hereunder.

2. The party obtaining Confidential Information shall not engage in transactions of assets, stocks, or valuable securities related to the other party or the affiliate of the other party by using the non-public information it obtained about the other party or the affiliate of the other party.

3. The limit above is not applicable to:

   (1) Information generally available to the public at the time of disclosure;

   (2) Information that becomes generally available to the public after the disclosure not due to the faults of the receiving party;

   (3) Information proven to be in possession of the receiving party prior to the disclosure instead of being obtained, directly or indirectly, from the other party; or

   (4) Confidential Information that any Party is obliged to disclose to relevant government authority or stock exchange under the requirements of government laws and regulations or stock exchange rules, or that is disclosed by any Party to its direct legal advisers and financial advisers as required by normal business operation.

4. Any Party hereto shall instruct its directors, senior officers, and other employees, and the directors, senior officers, and other employees of its affiliate to abide by the confidentiality obligations.

Article 9 Liabilities for Breach of Agreement and Indemnity

Any Party in breach of this Agreement shall be liable for compensating the other Party for all its actual and direct losses caused by such breach. The breaching party shall indemnify, hold harmless, and pay relevant amounts for the non-breaching party and their respective right and obligation successors, affiliates, and representatives (collectively, "Indemnified Party") under the following circumstances: (a) the breaching party breaches any representation or warranty it made in this Agreement, or its representations and warranties are untrue; and (b) the breaching party breaches or fails to fully perform the promises, agreements, warranties, or obligations hereunder except for those exempted by the other Party in writing. The breaching party shall compensate the Indemnified Party for its direct losses (including investigation and defense expenses, and reasonable attorney's fees) caused by the foregoing circumstances.

Article 10 Applicable Law and Dispute Resolution

1. Applicable law: This Agreement is governed by the laws of China.

2. Dispute resolution: Any dispute arising from or in connection with this Agreement shall be solved by the Parties through friendly negotiation. If the negotiation fails, either Party may submit the dispute to the People's Court of Chaoyang District, Beijing for resolution via litigation.

Article 11 Mailing Addresses and Mode of Service

Pintec (Ganzhou) Technology Co., Ltd.:

Mailing address: Pintec Group, 9/F, Heng'an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention:

Pintec (Yinchuan) Technology Co., Ltd.:

Mailing address: Pintec Group, 9/F, Heng'an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention:

The mailing addresses above are the addresses for each Party to receive the documents from the other Party, and any Party shall immediately notify the other Party of its new mailing address in the event of changes to its mailing address. If a document mailed by a party to the other party according to the address above cannot be served by reason of any change in the address of the other party, the mailing party may deem the document as served and received by the other party from the 3 days after the mailing date.

Article 12 Miscellaneous

1. Any modification to this Agreement shall be made as a written agreement signed by the duly authorized representatives of the Parties, and shall be an integral part of this Agreement.

2. Headings: The headings contained herein are for reference only without affecting the meanings or interpretation of this Agreement by any means.

3. If any one or more provisions hereof, or any one or more legal documents related to the share transfer are held invalid, illegal, or unenforceable under any relevant laws:

   (1) The validity, legality, and enforceability of other provisions hereof shall not be affected or damaged but shall be fully valid, and except for the agreements that are held as invalid, illegal, or unenforceable, the validity, legality, and enforceability of other agreements related to the share transfer shall not be affected or damaged but shall be fully valid;

   (2) The Parties shall immediately replace such invalid, illegal, or unenforceable provisions or agreements with valid, legal, and enforceable provisions or agreements with the intention closest to that of the invalid, illegal, or unenforceable provisions or agreements.

4. This Agreement is made in four originals, each Party holding two originals.

5. This Agreement shall become effective after being signed by the legal representatives or duly authorized representatives of the Parties and being affixed with their official stamps.

(No text below; signature page follows)

[This page contains no text, but is the signature page to the Share Transfer Agreement]

Transferor:

Pintec (Ganzhou) Technology Co., Ltd. (Official stamp)
/s/ Pintec (Ganzhou) Technology Co., Ltd.

Legal representative: /s/ WEI Wei

Transferee:

Pintec (Yinchuan) Technology Co., Ltd. (Official stamp)
/s/ Pintec (Yinchuan) Technology Co., Ltd.

Legal representative: /s/ CUI Xiaofeng

Exhibit 4.52

Capital Increase Agreement

on

Pintec (Yinchuan) Technology Co., Ltd.

between

Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)

and

Pintec (Ganzhou) Technology Co., Ltd.

(month) (day), (year)

Capital Increase Agreement

Agreement No.: 2019HTZZ-TZ-01

This Capital Increase Agreement (hereinafter referred to as this "Agreement") was entered into by and among the following parties on November 20, 2019 in Yinchuan City, Ningxia, China:

Investor: Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)

Unified social credit code: 91640100MA76G2LD8H

Registered address: Room 1405, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia

Managing Partner: Pintec (Ganzhou) Technology Co., Ltd.

Target Company: Pintec (Yinchuan) Technology Co., Ltd.

Unified social credit code: 91640100MA76G1J49Q

Registered address: Room 1410, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia

Legal representative: Cui Xiaofeng

Original Shareholder: Pintec (Ganzhou) Technology Co., Ltd.

Unified social credit code: 91360700MA38AR956U

Registered address: 502, Building B4, Ganzhou International Enterprise Center, north side of Xiangjiang Avenue and west side of North Huajian Road, Ganzhou Economic and Technological Development Zone, Ganzhou, Jiangxi

Legal representative: Wei Wei

Whereas:

1. With the continuous focus of Ningxia Hui Autonomous Region on promoting enterprise access to the capital markets in its financial work, the government integrates and updates relevant incentive policies in response to the development of the capital markets both in and outside China to promote access to the capital markets and expand direct financing channels for enterprises. In response to the call of the policies above, Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership) decided to make investment in Pintec (Yinchuan) Technology Co., Ltd.

2. The Target Company has a total of 1 registered shareholder at present. Its shareholding structure is as follows:

No.	Shareholder	Registered Capital (RMB ten thousand yuan)	Shareholding Ratio (%)
1	Pintec (Ganzhou) Technology Co., Ltd.	1200	100%
Total		1200	100%

3. The Target Company and the Original Shareholder agree to make additional capital contribution to the Target Company to increase the registered capital of the Target Company by RMB 8.00 million Yuan. The RMB 8.00 million Yuan is to be subscribed by the Investor in accordance with the terms and conditions specified herein, while the Original Shareholder waives its preemptive right for the capital increase. After the Capital Increase is completed, the total registered capital of the Target Company will be RMB 20.00 million Yuan. The Target Company shall purchase 60% equity interests in Pintec (Beijing) Technology Co., Ltd. after the capital increase.

4. The Investor agrees to make the additional capital contribution to the Target Company in accordance with the terms and conditions specified herein, for which the Investor, Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership), will contribute RMB 500 million Yuan (¥500,000,000.00), including RMB 8.00 million Yuan to be included in the registered capital and RMB 492.00 million Yuan to be included in the capital reserve. With the contribution of RMB 8.00 million Yuan corresponding to the registered capital, the Investor holds 40% of the total registered capital of the Target Company after the capital increase is completed. The shareholding structure of the Target Company is as follows after the capital increase is fully completed:

No.	Shareholder	Registered Capital (RMB ten thousand yuan)	Shareholding Ratio (%)
1	Pintec (Ganzhou) Technology Co., Ltd.	1200	60%
2	Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)	800	40%
Total		2000	100%

The Parties reached the following agreement for mutual compliance through friendly negotiation in accordance with the provisions of the relevant laws and regulations of the People's Republic of China.

Article 1 Definitions

1.1 Unless otherwise indicated in the context herein, the following terms shall have the following meanings:

Unless otherwise indicated in the context herein, the following terms in this Agreement (including in Whereas) shall have the following meanings:

"Original Shareholder" refers to "Pintec (Ganzhou) Technology Co., Ltd."

"Capital Increase" is specifically defined in item 3 in "Whereas" of this Agreement.

"Capital Increase Price" is specifically defined in item 4 in "Whereas" of this Agreement.

"Execution Date" refers to the date when the Parties hereto duly sign this Agreement.

"Closing Date" refers to the date when the Investor makes full payment of the Capital Increase Price as required to the account designated by the Company.

"Registration Date" refers to the date when the company completes the registration of share modification for the Capital Increase and obtains a new business license.

"Closing Conditions"	refer to the prerequisites specified in Article 2 hereof for the Investor to pay the Capital Increase Price to the company.
"Transition Period"	refers to the period from the execution of this Agreement to the full payment of the Capital Increase Price by the Investor.
"Day"	refers to a calendar day.
"Working Day"	refers to a date except for the statutory and public holidays in the Chinese mainland.
"Fiscal Year"	refers to the period from January 1 of a year to December 31 of the same year; however, the last Fiscal Year of the company shall be from January 1 of the year in which the company is terminated to the date when the company is terminated.
"Affiliate"	refers to a party controlling, jointly controlling, or exercising significant influence on another party, and two or more parties under common control, joint control, or significant influence of the same party. "Control," for a legal person, refers to that a person (or multiple persons acting in concert) controls, directly or indirectly: (i) over 50% voting capitals of the legal person, where the voting rights normally may be exercised at the shareholders' meeting of the legal person; (ii) over 50% voting rights at the meetings of the board of directors or of a similar body of the legal person; or (iii) right to appoint and dismiss a majority of members of the board of directors or a similar body of the legal person. For any natural person, the Affiliate refers to his/her direct relatives (i.e. the spouse, children, siblings, and parents of the natural person), and any other entities controlled or jointly controlled, directly or indirectly, by the natural person and/or his/her direct relatives.

“Renminbi” or “RMB”	refers to the lawful currency of the People’s Republic of China, which is denominated with “yuan” as the basic unit.
“Applicable Laws”	refers to all the laws, regulations, rules, provisions, interpretations, and other normative documents promulgated by the central and local legislation authorities and administration authorities (including but not limited to the market supervision and administrative authorities or other government authorities) and applicable to relevant matters, and the relevant judicial interpretations promulgated by judicial authorities.
“Transaction Conditions”	refer to all the agreements, decisions, and other documents (if any) negotiated, finalized, and performed by the Parties with respect to the matters of the Capital Increase.
“Material Adverse Effects” or “Material Adverse Changes”	refer to the effects or changes that (i) cause economic losses or debts over RMB 300,000 Yuan (RMB 300,000) to the involved party; (ii) affect the proper existence or lawful business operation of the involved party; (iii) result in an administrative penalty or criminal penalty on the involved party; or (iv) affect the legality, validity, binding effects, or enforceability of this Agreement.
“China”	refers to the People’s Republic of China (for the purpose of this Agreement, excluding Hong Kong Special Administration Region, Macao Special Administration Region, and Taiwan).

1.2 In this Agreement, unless other provided:

1.2.1 A reference to an “article,” “paragraph,” or “appendix” refers to the “article,” “paragraph,” or “appendix” of this Agreement.

1.2.2 This Agreement shall be interpreted as including the Agreement as extended, modified, amended, or supplemented from time to time by the Parties hereto, and including any documents under other relevant agreements intended to modify, waive, supplement, or amend this Agreement.

1.2.3 The headings of the articles and appendices hereof are provided for reference only, and shall not affect the interpretation of the meanings hereof.

Article 2 Investment Prerequisites

The Parties confirm that the investment obligations of the Investor under this Agreement are subject to the satisfaction of all the conditions below:

2.1 The Parties obtain the relevant decisions required by the internal decision-making procedures of their enterprises, and duly sign this Agreement;

2.2 The Target Company amends its Articles of Association in accordance with the relevant provisions hereof, which amendment shall be duly signed by all the shareholders of the Target Company, and such amendment and signature shall be recognized in writing by the Investor;

2.3 All the relevant consents and approvals for this transaction have been obtained from government authorities (if applicable), the Target Company, and other third parties;

2.4 Except for those disclosed to the Investor, as an entity with continuous operation, the Target Company is free from any acts in violation of laws and regulations; the actual controller undertakes to the Investor that, the actual controller shall be held liable for any losses caused by any acts (if any) in violation of laws and regulations;

2.5 If the Target Company has issues not solved by the execution date of this Agreement, including but not limited to contingencies and conditions in violation of laws and regulations, the Original Shareholder and the Target Company shall issue a written list of issues, and the solutions to such issues shall be recognized in writing by the Investor;

2.6 During the Transition Period, the Target Company and the Original Shareholder undertake that:

2.6.1 There shall be no Material Adverse Changes in the operating or financial conditions of the Target Company during the Transition Period;

2.6.2 Except for those disclosed to the Investor, the Target Company shall not impose or allow the imposition of any encumbrance on any assets or properties during the Transition Period. The Target Company shall not dispose of, directly or indirectly, its major assets by any means, and shall not incur or take any material debts (except for the disposal or debts occurred during the normal business operation);

2.6.3 The Original Shareholder shall not transfer, in part or in whole, the contribution amounts it made in the Target Company, or impose any encumbrance on its contribution amounts, including but not limited to pledge.

2.7 The amount of RMB 12.00 million Yuan contributed by the Original Shareholder of the Target Company has been paid in full; and

2.8 If the conditions under Article 2 hereof are not achieved within ten (10) Working Days from the execution of this Agreement by any reason, unless a written exemption of the Investor is obtained, the Investor has the right to unilaterally rescind this Agreement by sending a written notice.

Article 3 Additional Shares

3.1 The Parties agree that, the Investor shall make additional capital contribution to the Target Company in the amount of RMB 500 million Yuan (¥500,000,000.00), including RMB 8.00 million Yuan to be included in the registered capital of the Target Company, and RMB 492.00 million Yuan to be included in the capital reserve of the Target Company. After the Capital Increase, the shareholding structure of the Target Company is as follows:

Shareholder	Subscribed Capital Contribution	Contributed Capital	Shareholding Ratio (100%)
Pintec (Ganzhou) Technology Co., Ltd.	1200	1200	60%
Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)	800	800	40%
	2000	2000	100%

3.2 The Parties agree that, based on the equity interests in the Target Company obtained by making the investment, the Investor shall be entitled to the relevant shareholder rights and take corresponding shareholder obligations in accordance with the provisions of laws, the Articles of Association, and this Agreement, and may be entitled to the rights and interests in the capital reserve, surplus reserve, and undistributed profits generated by the Target Company in proportion to its contribution ratio from the date of actual investment made by the Investor.

Article 4 Filing and Registration Formalities for the Capital Increase and Payment of Additional Capital

4.1 The Parties agree that, subject to the satisfaction of all the conditions under Article 2 hereof, the Investor shall fulfill its contribution obligations by paying the additional capital of RMB 500 million (¥500,000,000.00) to the following account of the Target Company within ten (10) Working Days from the execution of this Agreement:

Account name: Pintec (Yinchuan) Technology Co., Ltd.

Opening bank: China Merchants Bank Co., Ltd. Yinchuan Finance Street Branch

Bank account No.:951901755310902

4.2 The Parties agree that the capital contribution obligations of the Investor hereunder are fulfilled once the Investor pays the additional capital of RMB 500 million yuan (¥500,000,000.00) to the designated account above of the Target Company.

4.3 The Target Company shall submit legal documents related to this transaction, including but not limited to the Capital Increase Agreement, Articles of Association, the decision of the shareholders’ meeting on the capital increase, and the decision for appointing 1 person designated by the Investor as the director of the Company, to the competent market supervision and administration authority within ten (10) Working Days from receiving the additional capitals, so as to complete the formalities for registering the filing modification with respect to the capital increase.

4.4 After the Investor pays the funds to the Target Company, upon the occurrence of a circumstance leading to the termination of this Agreement because the Parties violate the provisions of Article 4.3 hereof due to any reasons, the Target Company shall, within fifteen (15) Working Days from the termination of this Agreement, refund all the contribution amounts paid by the Investor; if the violation of the Article 4.3 hereof is caused by the Target Company, the Target Company shall further pay a penalty to the Investor at the annual rate of 10%, which penalty shall be calculated from the date when the contribution amounts are remitted to the account of the Target Company to the date of full refunding, while the Original Shareholder of the Target Company shall be jointly and severally liable for guaranteeing the payment of the amounts above by the Target Company.

4.5 The expenses for going through the modification registration or filing formalities with the market supervision and administration authority shall be borne by the Target Company.

Article 5 Preemptive Rights and Anti-dilution

5.1 If the Target Company has a decision passed at its shareholders' meeting for increasing its registered capital, the Target Company shall first send a written notice to the Investor ("*Notice of Proposed Capital Increase*"), stating the type and amounts of the additional capital for the Target Company ("Proposed Additional Registered Capital"), time for the capital increase, and valuation or shareholding ratios of the Parties after the capital increase (however, this provision shall be subject to the prior approval at the shareholders' meeting in accordance with the provisions of this Agreement), and stating that the Investor has the right to subscribe to the Proposed Additional Registered Capital in accordance with the provisions and regulations provided in the Notice of Proposed Capital Increase at the price specifically stated in the *Notice of Proposed Capital Increase*, so as to keep its shareholding ratio unchanged after a new round of capital increase or share issuance.

5.2 Within thirty (30) consecutive days ("30-day Period") from receiving the *Notice of Proposed Capital Increase*, the Investor shall have the right (but no obligation) to, after sending a written notice to other shareholders and the Target Company for consenting to or not consenting to subscribe to all or a part of the Proposed Additional Registered Capital ("Additional Capital to Be Subscribed"), subscribe to or not subscribe to all or a part of the Proposed Additional Registered Capital ("Additional Capital Subscribed") in accordance with the provisions and regulations provided in the *Notice of Proposed Capital Increase* at the price specifically stated in the *Notice of Proposed Capital Increase*. The Investor shall notify the Target Company of its request ("*Subscription Notice*") in writing within the 30-day Period. If multiple shareholders exercise the preemptive rights under Articles 5.1, 5.2, and 5.3 hereof and the total amount of the Additional Capital to Be Subscribed exceeds the Proposed Additional Registered Capital, the shareholders exercising the preemptive rights shall determine their preemptive rights in proportion to their shareholding ratios in the company.

5.3 If the Investor and other shareholders of the Target Company at that time do not subscribe to the Proposed Additional Registered Capital in full according to their preemptive rights, the Target Company has the right to, within ninety (90) consecutive days from the first day following the expiration of the thirty (30) day period, sell the Proposed Additional Registered Capital not subscribed to a potential subscriber at the price no less than that stated in the *Notice of Proposed Capital Increase* according to conditions no more preferential than those provided to the Investor. If, for any reasons, the potential subscriber fails to subscribe to the Proposed Additional Registered Capital not subscribed within the period above at the price above according to the conditions above, the capital increase initiated by the Target Company to the potential subscriber according to the provisions above and the *Notice of Proposed Capital Increase* shall be terminated. If the company intends to continue to increase its registered capital, it shall follow the procedure for capital increase in strict compliance with the provisions of Articles 5.1, 5.2, and 5.3 hereof.

5.4 The Target Company undertakes that, in subsequent financing, if the price for the additional capital raised by the Target Company is lower than the price for the additional capital contributed by the Investor ("Depreciation Financing") with the consent of the Investor, the Investor has the right to calculate the ratio that is to be held by the Investor in the registered capital and shares with the capital increase price unchanged at the time of investment on the basis of the capital increase price for the Depreciation Financing, or calculate the capital increase price to be paid by the Investor with the ratio it holds in the registered capital and shares unchanged on the basis of the capital increase price for the Depreciation Financing, and the Original Shareholder shall transfer the corresponding shares to the Investor or compensate the Investor in cash. Other shareholders of the Target Company shall vote for and sign relevant decisions to ensure the implementation of the share transfer above. For the purpose of this Agreement, the "capital increase price" refers to the consideration to be paid for each yuan of the additional registered capital.

5.5 If the Original Shareholder transfers shares to the Investor in accordance with Article 5.4 hereof, such share transfer shall be free of charge; if such transfer cannot be made free of charge under the applicable laws of China, the price for such share transfer shall be the minimum price allowed by the applicable laws of China and acceptable to competent government authorities, and the Original Shareholder shall, when or after signing the share transfer agreement, separately sign a document for exempting the obligations of paying the share transfer price at the request of the Investor. If the exemption of the obligations of paying the share transfer price is not allowed under the prevailing applicable laws of China or by the competent government authorities, after the Investor pays the transfer price, the Original Shareholder shall separately compensate the Investor with the same amount by other proper means to protect the Investor from paying any expenses for receiving the shares. If the Investor has to pay any taxes for its act of receiving the shares under the applicable laws of China, all such taxes shall be borne by the Original Shareholder, or be compensated by the Original Shareholder after being paid by the Investor, so as to protect the Investor from paying any taxes for receiving the shares.

5.6 Upon the occurrence of an event triggering the adjustment specified in Article 5.4, if the founder shareholder is prohibited by the applicable laws of China from adjusting the shares of the Target Company as provided in Articles 5.5 and 5.6, the Parties shall implement other adjustments not implemented before immediately after such legal obstacles are removed, and shall make their best to ensure the payment of the amounts above by the Original Shareholder to the Investor by other means to protect the Investor from suffering any losses in its relevant rights and interests.

5.7 In the event of Depreciation Financing, if the rights granted by the company to the shareholder acquiring the shares in the company via the Depreciation Financing are more preferential than the rights granted to the Investor, the Investor shall automatically be entitled to such more preferential rights.

5.8 The anti-dilution rights in the event of Depreciation Financing and the preemptive rights with respect to the Proposed Additional Registered Capital held by the Investor under Article 5 hereof are not applicable to employee share incentives passed by the Target Company, that is, the company shares or subscription rights (if any) granted by the Target Company to senior officers and other employees.

5.9 With respect to the issuance of the Proposed Additional Registered Capital meeting the provisions of Article 5 hereof, the Parties agree to make their best to complete all legal procedures required for such issuance, including but not limited to signing the transaction documents, voting for such capital increase in relevant decisions of the shareholders' meeting and/or board of directors, performing assets evaluation (if necessary), and completing the registration with the market supervision and administration authority and other relevant government approval and registration within the time limit provided in this Agreement.

Article 6 Corporate Governance

6.1 After the Capital Increase, the Target Company shall set up a board of directors consisting of 3 directors, for which the Investor has the right to designate 1 director for the Target Company while the Original Shareholder may designate 2 directors; the Parties agree to approve the person nominated by Yinchuan Xingyin Investment Fund Partnership (Limited Partnership)—the limited partner of the Investor Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)—to take the post above in the Target Company. The Target Company shall go through the modification or filing formalities above while going through the formalities for modifying its business license.

6.2 The Parties agree and warrant that, all the directors, supervisors, and senior officers designated for the Target Company shall have the qualifications in compliance with the provisions of relevant laws and regulations including the *Company Law*. When a director or supervisor nominated by a Party resigns or is dismissed, the Party nominating such director or supervisor shall continue to nominate a replacement candidate, and the Parties shall warrant to vote for such replacement candidate to be appointed as the director or supervisor of the company at the relevant shareholders' meeting; provided, however, that the nomination shall be in compliance with the provisions of the relevant laws and regulations including the *Company Law*.

6.3 Any investment, guarantee, or loans provided to external parties by the Target Company shall be subject to the review of the Investment Decision Committee of the Investor before a shareholders' meeting is called for a decision.

6.4 The Investor, as a shareholder, has the right to be informed of and supervise the business operation and management of the company, has the right to receive financial, management, business operation, market, or other information and materials of the company, and has the right to provide recommendations to and to receive the reports from the management with respect relevant matters. The company shall promptly provide the following materials and information to the Investor:

6.4.1 Within thirty (30) days from the last day of each calendar quarter, provide the quarterly consolidated management accounts, including the profit statement, balance sheet, cash flow statement, and cost analysis statement;

6.4.2 Within forty five (45) days from the end of each calendar year, provide the annual consolidated management accounts of the company;

6.4.3 Within one hundred and twenty (120) days from the end of each calendar year, provide the annual consolidated audited accounts of the company;

6.4.4 Within at least thirty (30) days prior to the end of each calendar year/Fiscal Year, provide the annual business plan, annual budget, and predicted financial statements of the company;

6.4.5 Within thirty (30) days after the Investor receives the management accounts, provide the Investor with the opportunity to discuss with the company about and review the management accounts; and

6.4.6 Provide other statistical data and other financial and transaction information in the format required by the Investor, so that the Investor is properly informed of the information about the company to protect its interests.

Article 7 Share Transfer

7.1 Without the written approval of the shareholders' meeting of the Target Company (which approval shall contain the written consent of the Investor), the Original Shareholder, and incentive recipients ("Incentive Recipients") directly holding equity interests in the Target Company through the share incentive plan that has been approved, or indirectly holding equity interests in the Target Company through their shares in the properties of the shareholding platform established by the Target Company for share incentives, shall not transfer, directly or indirectly, any shares they held in the Target Company, impose pledge or other encumbrances on their shares, or make any other arrangements that may change the shareholding structure of the Target Company ("Disposal").

7.2 When transferring its shares held in the Target Company to external parties, the Original Shareholder shall obtain the prior consent of the Investor, and the Investor has the preemptive right to purchase the shares to be transferred.

Article 8 Debts and Contingent Debts

8.1 The Original Shareholder and the Target Company undertake and warrant that, except for those disclosed to the Investor, the Target Company has not entered into any external guarantee documents, and there are no other debts not disclosed or contingent risks in public safety, tax, labor dispute, environment protection, etc. The Original Shareholder shall be held solely liable for the contingent liabilities or other debts not disclosed. If the Target Company takes and pays off the debts above first, leading to losses of the Target Company, the Original Shareholder shall compensate the Target Company in full within five (5) Working Days from the actual occurrence of such losses, and the Original Shareholder shall fulfill its compensation obligations by using the dividends it obtained from the Target Company or by using the funds it raised from other legal channels.

Article 9 Related-party Transactions and Horizontal Competition

9.1 The Original Shareholder and the Target Company confirm that, as of the execution date of this Agreement, the related-party transactions entered into by the Target Company but not completely fulfilled are fair and equitable without conditions detrimental to the interests of the Target Company or unreasonably increasing the burden on the Target Company.

9.2 The Parties agree that, after the execution of this Agreement, the Target Company shall make its best efforts to gradually reduce related-party transactions, enter into a relevant agreement with related parties on the principles of fairness and equality based on market prices for necessary related-party transactions to define the rights and obligations, and follow the internal decision-making procedures in accordance with the Articles of Association and relevant regulations of the Target Company.

Article 10 Warranties and Undertakings

Each Party hereto severally but not jointly represents, warrants, and undertakes as follows:

10.1 It is a legal person or other organization duly established and validly existing under the laws of China, or a natural person having the nationality of the People’s Republic of China without holding dual nationalities.

10.2 It has the full and sufficient rights and authorities to enter into and perform this Agreement, and has the capacity for civil conduct to enter into this Agreement in accordance with the laws of China.

10.3 It warrants that all the documents and information it provided for entering into this Agreement are true and valid.

10.4 The execution or performance of this Agreement will not violate any material contract or agreement to which it is a party or which is binding on it or its relevant assets.

10.5 Its legal representative or entrusted agent signing this Agreement has obtained the full rights and authorities required for executing and performing this Agreement in accordance with the valid certificate of legal representative or the valid power of attorney.

10.6 It has disclosed, on a sufficient, detailed, and timely basis, all the information and data that need to be known and possessed by the other parties in connection with this Transaction, which are free from material omissions, misleading, or falsified content.

10.7 The representations, warranties, and undertakings made by it in this Agreement are true, correct, and complete as of the execution date of this Agreement, and will remain true, correct, and complete when and after this Agreement becomes effective.

10.8 It warrants to fully and properly perform all the content of this Agreement.

10.9 It warrants to keep the confidentiality of the information contained herein except for the disclosure required by the law or relevant regulatory authorities/competent authorities (if applicable) and for going through the filing and modification formalities, or the disclosure to the intermediary institution in connection with this Agreement.

10.10 As of the execution date of this Agreement, the Capital Increase has been approved by the board of directors and at the shareholders' meeting of the Target Company, while the Original Shareholder waives its preemptive rights for this Capital Increase.

10.11 Any item in the representations and warranties above shall be without prejudice to any other provisions in such representations and warranties, and nothing in this Agreement shall impose any limit on the scope or applicability of the representations and warranties above.

Article 11 Notice and Delivery

1.1 During the term of this Agreement, if a Party loses its qualification and/or capabilities for performing this Agreement due to changes in laws, regulations, and policies, affecting the performance of this Agreement, the Party is obliged to notify other parties within 10 (ten) Working Days.

1.2 The Parties hereto agree that any notice in connection with this Agreement shall be effective only if it is delivered in writing, including but not limited to by fax, express delivery, mail, and email. Such notice shall be deemed as delivered on the date when the fax is transmitted successfully and received by the recipient if it is sent by fax, on the date when the notice is received by the recipient if it is sent by express delivery or personal delivery, on the 7th working day if it is sent by registered mail, or immediately when the email is sent successfully and confirmed by telephone if it is sent by email.

1.3 The notice shall be deemed as effectively delivered if it is delivered to the following address, transmitted to the following fax number, or sent to the following email box:

Investor:Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)

Address: Room 1405, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 396 Liupanshan Road, Yandun Lane, Jinfeng District, Yinchuan City

Attention: Wang Peicheng Tel.: [Redacted]

Email: peicheng.wang@pintec.com

Target Company:Pintec (Yinchuan) Technology Co., Ltd.

Address: Room 1410, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, Yinchuan City, Ningxia

Attention: Wang Peicheng Tel.: [Redacted]

Email: peicheng.wang@pintec.com

Original Shareholder: Pintec (Ganzhou) Technology Co., Ltd.

Address: 10/F, Heng'an Plaza, No. 17 North Dongsanhuan Road, Chaoyang District, Beijing

Attention: Wang Peicheng

Tel.: [Redacted]

Email: peicheng.wang@pintec.com

Article 12 Breach of Agreement and Liabilities

12.1 After this Agreement becomes effective, the Parties shall comprehensively, properly, and promptly perform their obligations and commitment in accordance with the provisions hereof; a breach of agreement is constituted if any party hereto violates the provisions hereof, fails to perform or fails to properly perform this Agreement, makes untrue representations or warranties hereunder, or fails to perform the undertakings it made hereunder.

12.2 The Parties agree that, unless otherwise provided herein, the penalty under this Agreement shall be 30% of the total amount invested by the Investor.

12.3 Upon the occurrence of a breaching act, the breaching party shall pay a penalty to the non-breaching party within 10 (ten) working days, and shall compensate the non-breaching party for losses arising from its breach.

12.4 The payment of the penalty shall not affect the rights of the non-breaching party to require the breaching party to make compensation for losses or continue the performance of this Agreement, or to rescind this Agreement.

12.5 A failure or delay in exercising a right provided in this Agreement or by law shall not constitute a waiver of such right or other rights, and the single or partial exercise of a right provided in this Agreement or by law shall not preclude the party from further exercising such right or other rights.

Article 13 Amendment, Rescission, and Termination of Agreement

13.1 Any modification and amendment to this Agreement shall be separately negotiated by the Parties, and may become effective only after a written agreement is jointly signed.

13.2 This Agreement shall be immediately rescinded under the following circumstances:

13.2.1 The Target Company fails to receive 60% equity interests held by the Original Shareholder in Pintec (Beijing) Technology Co., Ltd.

13.2.2 The Parties negotiate to rescind this Agreement;

13.2.3 Any party has a breaching act, and fails to make rectification within thirty (30) days after the non-breaching party sends a written notice to the party requesting rectification, or the party has two or more breaching acts in total, the non-breaching party has the right to unilaterally rescind this Agreement;

13.2.4 This Agreement cannot be performed due to force majeure.

13.3 The party requesting the rescission of this Agreement shall notify other parties in writing, which notice shall become effective once it is served on such other parties.

13.4 The rescission of this Agreement shall not affect the rights of the non-breaching party to request the breaching party to pay a penalty and make compensation for losses.

13.5 Unless the Parties hereto negotiate and reach a written agreement, neither Party may transfer its rights and obligations in or under this Agreement in whole and/or in part.

Article 14 Dispute Resolution

14.1 The validity, interpretation, and performance of this Agreement shall be governed by the laws of the People’s Republic of China. Laws and regulations promulgated after the execution of this Agreement shall not be retroactively applicable to this Agreement unless otherwise specifically provided in such laws and regulations. However, the Parties hereto may negotiate to make necessary adjustments to this Agreement in response to changes.

14.2 Any dispute arising from this Agreement among the Parties hereof shall be solved through friendly negotiation first; if the negotiation fails after the occurrence of the dispute, the dispute may be submitted to a competent court at the place of the Investor for solution.

14.3 During the proceedings held in accordance with this article, except for the litigation matters, the Parties shall maintain the validity of other valid provisions hereof; the Parties shall continue to perform its remaining obligations hereunder and exercise its rights hereunder except for the obligations involved in the litigation matters.

Article 15 Supplementary Provisions

15.1 The Parties agree that, in the event of a discrepancy or conflict between the provisions hereof and the relevant laws, regulations, rules, or normative documents, the relevant laws, regulations, rules, or normative documents prevail, and the Parties agree to modify this Agreement and enter into a relevant supplementary agreement on the precondition that the rights and interests of the Investor are protected.

15.2 Unless otherwise provided herein, the Parties shall bear their respective costs and expenses related to the negotiation, drafting, execution, and performance of this Agreement and the documents referred to in this Agreement. The expenses related to the approval for the Capital Increase, capital verification, auditing, and registration of modification with the market supervision and administration authority for the Target Company shall be borne by the Target Company.

15.3 Subject to the provisions hereof, the Parties may separately enter into a supplementary agreement or document for matters not covered herein, and such supplementary agreement or document shall be an integral part of and equally authentic as this Agreement.

15.4 This Agreement shall become established and effective immediately after being signed by and affixed with the official stamps of the Parties. This Agreement is written in Chinese and made in seven counterparts; each Party hereto holds two counterparts, and the remaining counterparts shall be used for filing or applying for modification registration with the market supervision and administration authority. The counterparts shall have the same legal force.

(No text below)

(This page contains no text, but is the signature page to the *Capital Increase Agreement between Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership) and Pintec (Yinchuan) Technology Co., Ltd.* (Agreement No.: 2019HTZX-TZ-01)

Investor: Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)

/s/ Huatai (Ningxia) Enterprise Consulting Service Partnership (Limited Partnership)

Managing Partner (or entrusted representative) (Stamp): /s/ CHEN Bingqing

Target Company: Pintec (Yinchuan) Technology Co., Ltd.

/s/ Pintec (Yinchuan) Technology Co., Ltd.

Legal representative (or authorized representative): /s/ CUI Xiaofeng

Original Shareholder: Pintec (Ganzhou) Technology Co., Ltd.

/s/ Pintec (Ganzhou) Technology Co., Ltd.

Legal representative (or authorized representative): /s/ WEI Wei

Exhibit 4.53

Dated December 2019

Supplemental Agreement to Information Service Cooperation Agreement

among

Beijing LeRong Duoyuan Information Technology Co., Ltd.,

Lerong Duoyuan (Beijing) Technology Co., Ltd.

and

Shanghai Anquying Technology Co., Ltd.

Supplemental Agreement to Information Service Cooperation Agreement

Party A 1: Beijing LeRong Duoyuan Information Technology Co., Ltd.
Address: 501, 5/F, Unit 1, No. 10 West Jintong Road, Chaoyang District, Beijing
Legal representative: Jun DONG

Party A 2: Lerong Duoyuan (Beijing) Technology Co., Ltd.
Address: 806, 8/F, Building 4#, Yard 18, Suzhou Street, Haidian District, Beijing
Legal representative: Jun DONG

Party B: Shanghai Anquying Technology Co., Ltd.
Address: 2/F, East Gate, Pacific Century Place, No. A2, Gongti North Road, Chaoyang District, Beijing
Legal representative: Bingqing CHEN

(“Party A” below refers to “Party A 1” and “Party A 2”)

Party A and Party B entered into the Information Service Cooperation Agreement in respect of cooperation in referral of lending projects (“Original Agreement”) in July 2019. Article III of the Original Agreement agrees as follows for the use, adding and calculation of the security deposit:

“2) Daily Use and Addition of Security Deposit

a. Party A and Party B agree to calculate the use conditions of the security deposit of Party B during the period (“Use Period”) from 0:00 of the previous business day to 0:00 of the date of calculation in every business day. Amount of security deposit used = total amount of delinquent loans repaid out of the security deposit during Use Period.

b. Party B shall add and pay the security deposit used during the Use Period to Party A within two business days after the date of calculation.

(3) Monthly Calculation and Addition of Security Deposit

a. Party A and Party B agree that in each calendar month, the additional security deposit payable by Party B shall be calculated. The calculation formula shall be as follows: amount of additional security deposit payable for the current month = total amount of security deposit payable at the end of the current month - total amount of security deposit payable in the beginning of the current month, where:

total amount of security deposit payable at the end of the current month = ending balance of outstanding loans (i.e. the balance of outstanding loans as at 24:00 of the final day of the current month of the calculation period) ×K;

total amount of security deposit payable in the beginning of the current month = ending balance of outstanding loans of the preceding calculation period (i.e. the balance of outstanding loans as at 24:00 of the final day of the preceding calculation period) ×K;

b. Party B shall, within【5】business days following the end of the current month, settle and pay the additional security deposit payable for the current month to Party A according to the provisions above.

c. If, according to the result of any settlement of security deposit by the Parties, the balance of security deposit paid by Party B to Party A exceeds【12】% of the balance of outstanding loans facilitated hereunder, the excess amount as confirmed by the Parties shall be returned by Party A to the following account designated by Party B within 【5】 business days. Party B hereby designates the following account for receiving the security deposit returned by Party A:

Account name: Shanghai Anquying Technology Co., Ltd.

Account number: 121918519810103

Bank name: China Merchants Bank, Beijing Branch, Wanda Plaza Sub-Branch

d. Party A and Party B shall calculate the monthly average delinquency rate (M) of the preceding month as follows on the basis of the aforesaid provisions regarding the settlement: average delinquency rate (M) = (amount of delinquent loans in the preceding month / average balance of outstanding loans in the preceding month) ×12, where, amount of delinquent loans in the preceding month = total amount of delinquent loans repaid out of the security deposit in the preceding month; average balance of outstanding loans in the preceding month = balance of outstanding loans in the beginning of the preceding month + balance of outstanding loans at the end of the preceding month) / 2.

If the average delinquency rate (M) in the preceding month exceeds 18%, Party B shall pay a security deposit for repayment of excessive delinquent loans (N), which shall be calculated as follows: security deposit for repayment of excessive delinquent loans (N) = average balance of outstanding loans in the preceding month ×(M-18%). Such security deposit for repayment of excessive (N) shall be paid by Party A using its own funds to the beneficiary account for receiving the repaid security deposit appointed by Party B within the time agreed in aforesaid Item (3)c.

Both Parties have reached the consensus and made the following supplement to the Original Agreement for mutual compliance:

Party A and Party B hereby acknowledge and agree that, during the cooperation between both Parties in 2019, Party B had added and paid the amount of the security deposit used during 2019. The aforesaid paid amount of the security deposit used = total amount of delinquent loans repaid out of the security deposit for cooperation project in 2019. For avoidance of any doubt, as of now, the amount that Party B has accumulatively added and paid to Party A for the security deposit used during 2019 is A. Party A and Party B will make the annual calculation and settlement for the use conditions of the security deposit of Party B within one month after the end of 2019.

Party A and Party B hereby further agree that, the amount of the security deposit used actually payable by Party B in 2019 B = ending balance of outstanding loans at the end of the year (outstanding principal of the borrower at 24:00 of the last day at the end of the year, including the part prepaid by Anquying) *18%. If A is bigger than B, Party A shall return aforesaid difference to Party B within【30】business days after the calculation and settlement. Difference = A-B; if A is smaller than B, Party B shall continue to add and pay the amount of the security deposit used in the mode agreed in the Original Agreement, till the amount of the used security deposit in 2019 accumulatively paid by Party B is equal to B.

After completion of aforesaid payment, Clause 2 of Article III of the Original Agreement shall be automatically terminated. Both Parties shall not be required to make any subsequent settlement for the amount of the security deposit used, nor shall Party B be obligated to pay any security deposit to Party A. For avoidance of any doubt, for the newly added cooperation projects of both Parties after January 1, 2020, Party B shall have no obligation to pay any security deposit to Party A, no matter whether the borrower in such cooperation projects fails to repay the principal and/or interest on time.

II. In case of any inconsistency between this Agreement and the Original Agreement, this Agreement shall prevail. Matters uncovered in this Agreement shall still continue to be implemented pursuant to the provisions of the Original Agreement.

III. This Agreement shall become valid and take effect since the date of being sealed by both Parties. Cooperation already conducted between both Parties before this Agreement takes effect shall continue to be implemented by reference to this Agreement.

[No Text Below]

This is the signature page for Supplemental Agreement to Information Service Cooperation Agreement

Party A 1: Beijing LeRong Duoyuan Information Technology Co., Ltd. (seal)
/s/ Beijing LeRong Duoyuan Information Technology Co., Ltd.

Date: 【 】th Day of 【 】, 2019

Party A 2: Lerong Duoyuan (Beijing) Technology Co., Ltd. (seal)
/s/ Lerong Duoyuan (Beijing) Technology Co., Ltd.

Date: 【 】th Day of 【 】, 2019

Party B: Shanghai Anquying Technology Co., Ltd. (seal)
/s/ Shanghai Anquying Technology Co., Ltd.

Date: 【 】th Day of 【 】, 2019

Exhibit 8.1

Principal Subsidiaries, Consolidated Affiliated Entities and Subsidiaries of Consolidated Affiliated Entities of the Registrant

Subsidiaries:

Sky City Holdings Limited, a British Virgin Islands company

Sky City Hong Kong Limited, a Hong Kong company

Sky City (Beijing) Technology Co., Ltd., a PRC company

Anxunying (Tianjin) Commercial Factoring Co., Ltd., a PRC company

Pintec (Ganzhou) Technology Co., Ltd., a PRC company

Huatai (Ningxia) Enterprise Consulting Service Partnership, a PRC limited partnership

Pintec (Beijing) Technology Co., Ltd., a PRC company

Pintec (Yinchuan) Technology Co., Ltd., a PRC company

Next Hop Holdings Limited, a British Virgin Islands company

Next Hop Hong Kong Limited, a Hong Kong company

Avatec.ai (S) Pte. Ltd., a Singapore company

FT Synergy Pte. Ltd., a Singapore company

FT Synergy Hong Kong Limited, a Hong Kong company

FT Synergy Pty Ltd., an Australian company

Infrarisk Pty Ltd., an Australian company

Infrarisk Limited, a UK company

Pintec Solutions European Holdings Limited, a Ireland company

Consolidated Affiliated Entities:

Anquying (Tianjin) Technology Co., Ltd., a PRC company

Pintec Jinke (Beijing) Technology Information Co., Ltd., a PRC company

Beijing Hongdian Fund Distributor Co., Ltd., a PRC company

Beijing Xinshun Dingye Technology Co., Ltd., a PRC company

Subsidiaries of Consolidated Affiliated Entities:

Anquyun (Tianjin) Information Technology Co., Ltd., a PRC company

Shanghai Anquying Technology Co., Ltd., a PRC company

Ganzhou Aixin Network Micro Finance Co., Ltd., a PRC company

Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd., a PRC company

Ganzhou Dumiao Intelligence Technology Co., Ltd., a PRC company

Pintec Yunke (Ganzhou) Information Technology Co., Ltd., a PRC company

Myfin Insurance Broker Co., Ltd., a PRC company

Shenzhen Xiaogang Technology Co., Ltd., a PRC company

Pintec Digital Technology (Beijing) Co., Ltd., a PRC company

Xuanji Intelligence (Beijing) Technology Co., Ltd., a PRC company

Exhibit 12.1

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jun Dong, certify that:

1. I have reviewed this annual report on Form 20-F of Pintec Technology Holdings Limited;

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 periods presented in this report;

4. The company's other certifying officer(s) 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(s) 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: June 29, 2020

By: /s/ Jun Dong
Name: Jun Dong
Title: Acting Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven Yuan Ning Sim, certify that:

1. I have reviewed this annual report on Form 20-F of Pintec Technology Holdings Limited;

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 periods presented in this report;

4. The company's other certifying officer(s) 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(s) 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: June 29, 2020

By: /s/ Steven Yuan Ning Sim
Name: Steven Yuan Ning Sim
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Pintec Technology Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jun Dong, Acting 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.

Date: June 29, 2020

By: /s/ Jun Dong
Name: Jun Dong
Title: Acting Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Pintec Technology Holdings Limited (the “Company”) on Form 20-F for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven Yuan Ning Sim, 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.

Date: June 29, 2020

By: /s/ Steven Yuan Ning Sim
Name: Steven Yuan Ning Sim
Title: Chief Financial Officer

Exhibit 15.1

June 29, 2020

To: Pintec Technology Holdings Limited (the "Company")

9/F Heng An Building
No 17 East 3rd Ring Road
Chaoyang District, Beijing
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the reference of our name under the headings "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure" in the Company's annual report on Form 20-F for the year ended December 31, 2019 (the "Annual Report"), which will be filed with the Securities and Exchange Commission (the "SEC") in the month of June 2020. 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.

Yours faithfully,

/s/ SHIHUI PARTNERS
SHIHUI PARTNERS

Exhibit 15.2

To: **Pintec Technology Holdings Limited**

P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands

June 29, 2020

Pintec Technology Holdings Limited (the "Company")

We consent to the reference to our firm under the heading "Memorandum and Articles of Association" in the Company's Annual Report on Form 20-F for the year ended December 31, 2019, which will be filed with the Securities and Exchange Commission in the month of June 2020.

Yours faithfully,

/s/ Travers Thorp Alberga

Travers Thorp Alberga

Exhibit 15.3

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Pintec Technology Holdings Limited on Form S-8 (File No. 333-229745) of our report dated June 29, 2020, which includes explanatory paragraphs as to the restatement of previously issued financial statements and change in accounting principle, and emphasis of significant transactions with related parties, with respect to our audits of the consolidated financial statements of Pintec Technology Holdings Limited as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 appearing in this Annual Report on Form 20-F of Pintec Technology Holdings Limited for the year ended December 31, 2019.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP
Beijing, China
June 29, 2020

Exhibit 16.1

June 29, 2020

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Pintec Technology Holdings Limited (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 annual report on Form 20-F of Pintec Technology Holdings Limited dated June 29, 2020. We agree with the statements concerning our Firm contained therein, and we have no basis to agree or disagree with other statements contained therein.

Very truly yours,

/s/PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China

Attachment