
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2020

OR

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

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)

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(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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

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

As of December 31, 2020, there were 252,132,334 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 definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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INTRODUCTION

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

- “ADSs” refers 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” refers to our Class A ordinary shares, par value US\$0.000125 per share;
- “Class B ordinary shares” refers 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” refers to 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” refers 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” refers 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.

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, 2018, 2019 and 2020 and selected consolidated balance sheet data as of December 31, 2019 and 2020 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 years ended December 31, 2016 and 2017 and selected consolidated balance sheet data as of December 31, 2016, 2017 and 2018 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	2020	
	RMB	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	330,665	50,676
Installment service fees	16,394	139,862	291,077	187,359	42,707	6,545
Wealth management service fees and others	4,309	3,547	14,796	20,117	4,892	750
Total revenues	54,874	763,014	1,603,631	1,285,236	378,264	57,971
Cost of revenues:(1)						
Funding cost	(16,643)	(78,831)	(161,384)	(51,759)	(16,525)	(2,533)
Provision for credit losses	(16,124)	(115,920)	(70,411)	(33,942)	(45,090)	(6,910)
Origination and servicing cost	(27,087)	(177,662)	(323,342)	(290,398)	(100,760)	(15,442)
Cost on guarantee	—	—	—	(193,426)	(100,347)	(15,379)
Service cost charged by the related party	—	(194,294)	(529,593)	(200,163)	(23,052)	(3,533)
Cost of revenues	(59,854)	(566,707)	(1,084,730)	(769,688)	(285,774)	(43,797)
Gross (loss)/profit	(4,980)	196,307	518,901	515,548	92,490	14,174
Operating expenses:(1)						
Sales and marketing expenses	(72,010)	(72,076)	(99,671)	(69,593)	(44,697)	(6,850)
General and administrative expenses	(72,849)	(106,323)	(312,979)	(1,095,311)	(147,753)	(22,644)

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	For the Year Ended December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Research and development expenses	(51,172)	(71,517)	(94,989)	(79,079)	(37,521)	(5,750)
Impairment loss of goodwill and intangible assets	—	—	—	—	(69,358)	(10,630)
Total operating expenses	(196,031)	(249,916)	(507,639)	(1,243,983)	(299,329)	(45,874)
Operating (loss)/income	(201,011)	(53,609)	11,262	(728,435)	(206,839)	(31,700)
Change in fair value of convertible loans	—	(7,042)	(9,552)	—	—	—
Loss from equity method investments	—	(2,455)	(2,652)	(8,149)	(11,523)	(1,766)
Impairment on prepayment for long-term investment	—	—	—	(200,000)	—	—
Impairment from long-term investments	—	(2,000)	—	—	—	—
Impairment loss on equity investment	—	—	—	—	(15,908)	(2,438)
Other income/(expense), net	684	(1,238)	8,822	(11,094)	(12,674)	(1,942)
Interest income from related parties	—	—	—	43,156	—	—
(Loss)/income before income tax expense	(200,327)	(66,344)	7,880	(904,522)	(246,944)	(37,846)
Income tax expense	(167)	(18,516)	(5,709)	(1,968)	(49,196)	(7,540)
Net (loss)/income	(200,494)	(84,860)	2,171	(906,490)	(296,140)	(45,386)
Other comprehensive income/(loss)	—	841	30,173	11,876	(22,977)	(3,522)
Total comprehensive (loss)/income	(200,494)	(84,019)	32,344	(894,614)	(319,117)	(48,908)

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

	For the Year Ended December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Share-based compensation expenses included in						
Cost of revenues	(27)	(27)	(337)	(250)	(18)	(3)
Sales and marketing expenses	(1,986)	(2,470)	(10,236)	(1,565)	(3,182)	(488)
General and administrative expenses	(21,524)	(25,263)	(102,012)	(12,785)	(7,054)	(1,081)
Research and development expenses	(2,128)	(3,258)	(18,675)	(3,247)	(1,644)	(252)

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	As of December 31,					
	2016	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	RMB	US\$
(in thousands)						
Selected Consolidated Balance Sheets Data:						
Cash and cash equivalent	27,292	370,891	457,442	102,755	377,160	57,802
Restricted cash	—	—	252,599	382,695	137,220	21,030
Short-term financing receivables, net	359,433	1,513,816	753,169	430,387	70,783	10,848
Current and noncurrent amounts due from related parties, net	109,701	229,026	475,426	10,064	30	5
Total assets	561,971	2,450,799	2,368,026	1,560,599	978,504	149,963
Short-term borrowings	—	—	220,000	320,000	130,000	19,923
Short-term funding debts	382,281	1,228,058	694,978	300,212	2,841	435
Current and noncurrent amounts due to related parties	162,995	386,489	96,596	10,191	271,419	41,597
Financial guarantee liabilities	—	—	15,537	101,933	20,260	3,105
Total liabilities	571,176	2,512,992	1,310,750	1,201,879	930,454	142,598
Total (invested deficit)/equity	(9,205)	(62,195)	1,057,276	358,720	48,050	7,365

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 RMB6.5250 to US\$1.00, the exchange rate on December 31, 2020 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 April 23, 2021, the noon buying rate was RMB6.4945 to US\$1.00.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks Relating to Our Business

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

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- Regulatory uncertainties relating to online consumer finance in China could harm our business, financial condition and results of operations.
- We face credit risks in most funding situations.
- Limitations on credit enhancement may adversely affect our access to funding.
- We may be deemed to operate a financing guarantee business by the PRC regulatory authorities.
- 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.
- Limitations on interest and fees that may be charged to borrowers may adversely affect our ability to collect fees.
- Regulatory uncertainties relating to campus online lending may materially and adversely affect our business and results of operations.
- 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.
- 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.
- Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19.

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 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.
- 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.

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

Risks Relating to Our ADSs

- The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.
- The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

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- 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.

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 Loan Interest" and "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Cooperation with Institutional Funding Partners" 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, some of our businesses are subject to licensing requirements. We currently hold internet micro lending license, fund distribution license, insurance brokerage license and enterprise credit investigation license in order to conduct the related businesses. Our current licenses have a limited term of validity, and upon expiration of the term, there is no guarantee that we will be able to renew such licenses on commercially reasonable terms or in a timely manner, or at all. New licensing requirements may be imposed on us in the future. If we are unable to obtain any licenses that may also 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. To address the market challenges, in 2019, we bore credit risk for a higher proportion of our funding than we did at the time of our initial public offering. Starting from 2020, aligned with our strategic shift of business focus towards providing digital-centric services, we have gradually reduced a significant portion of our technical services using a risk-sharing model, leading to relatively lower credit risk (without taking into account the impact of COVID-19). We may adjust our credit risk exposure from time to time in the ordinary course of business.

We provided credit enhancement through our subsidiaries or variable interest entities to a group of select financial partners. By the end of 2020, we bore credit risk in connection with substantially all of the point-of-sale installment loans and less than half of personal installment loans that we facilitated. We also bore credit risk for less than 10% of business 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, 2020, we had short-term financing receivables, net, of RMB70.8 million (US\$10.8 million) and long-term financing receivables, net, of RMB2.8 million (US\$0.4 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 RMB45.1 million (US\$6.9 million) for the year ended December 31, 2020.

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, the Notice on Regulating and Rectifying “Cash Loan” Business, or the 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 have cooperated with two independent guarantee companies to provide credit enhancement services to the end users of our financial partners. In our cooperation with these independent guarantee companies, they provide guarantees to the end users of our financial partners, but if they fail to perform their obligations to provide guarantees, we will, instead, provide supplementary guarantees to our financial partners. We currently do not expect to cooperate with additional independent guarantee companies due to our strategic shift of business focus towards providing digital-centric services and optimizing our product matrix and organizational structure. 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 of China 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\$76,628) to RMB1,000,000 (US\$153,257), 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 micro finance companies and banks, we directly charged interest and fees to borrowers for loans funded by those financial partners. In response to Circular 141, we have gradually ceased this practice and only had limited additional loans under which we charge borrowers directly. For purpose of repayments to Jimu Box's online platform lenders, the repayments from borrowers in connection with the remaining loans funded by Jimu Box has been collected through us and repaid to Jimu Box's online lenders through custody bank account of Jimu Group. As the custody bank account of Jimu Group established for online lending platform business has been frozen following its insolvency and exit from online lending platform business in February 2020, in order to facilitate Jimu Box's platform unwinding plan, we entered into an agreement with Jimu Group, under which we are obligated to transfer principal and interest collected from the borrowers to the party designed by Jimu Group for purpose of Jimu Box's online borrowers repayment to lenders. 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, or the Private Lending Judicial Interpretations (2015 version), 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 Private Lending Judicial Interpretations (2015 version).

In the past, the annual interest and fees charged to our customers in connection with the loans we 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% and, since September 1, 2019, such annual interest and fees have been no more than 24%.

On August 20, 2020, the Supreme People's Court implemented a revised judicial interpretation, or the Private Lending Judicial Interpretations (2020 version), to amend and replace the Private Lending Judicial Interpretations (2015 version), which lowers the cap for the private lending interest rate. Under such Private Lending Judicial Interpretations (2020 version), the total annual percentage rates (inclusive of any default rate and default penalty and any other fee) exceeding four times that of China's benchmark one-year loan prime rate, or the LPR, as published on the 20th of each month will not be legally protected. For example, based on the LPR of 3.85% as published on August 20, 2020, such cap would be 15.4%. The Private Lending Judicial Interpretations (2020 version) shall also apply to the first-instance cases involving private lending disputes accepted by the people's courts after the implementation of such revised judicial interpretation.

In December 2020, the Supreme People's Court issued the Official Reply to Issues on the Application of the Interpretations of the Supreme People's Court of New Private Lending, or the Official Reply on the Application of Interpretations of New Private Lending. The Official Reply on the Application of Interpretations of New Private Lending confirms that any disputes arising from the relevant financial business conducted by the microcredit companies, financing guarantee companies, regional equity market, pawn enterprises, financial leasing companies, business factoring companies and local assets management companies that are supervised by the local financial supervision governmental authorities, shall not be subject to the Interpretations of the Supreme People's Court of New Private Lending.

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In March 2021, the People’s Bank of China, or the PBOC, issued Announcement No.3 to further clarify the method of calculating the “total annual interest rate.” According to Announcement No.3, the annualized rate of a loan shall be calculated as the annualized ratio of total costs (to the borrower) to the outstanding principal amount. The costs include interest and other fees and charges directly related to the loan. The amount of principal should be specified in the loan contract or other loan certificates. If the loan is repaid in installments, the outstanding principal amount should be the balance after each repayment. The calculation of the annualized interest rate may be based on compound interest or simple interest. The calculation based on compound interest is equivalent to that of the internal rate of return, and the simple-interest approach should be specified as such.

While the Private Lending Judicial Interpretations (2020 version) stipulates that it does not apply to licensed financial institutions, the PRC court’s prior rulings were inconsistent as to whether loans provided by certain financial institutions such as consumer financing companies would be subject to such interest cap. In addition, as the relevant laws and regulations are rapidly evolving, it is uncertain whether any new PRC laws, regulations or rules will be adopted so that the interest and/or fees charged by our institutional funding partners, including but not limited to microcredit companies, will be subject to any cap provided by any newly adopted laws or regulations.

Furthermore, if the cap of aggregated borrowing costs charged by licensed financial institutions is further lowered by any newly adopted, or by the application of any existing, laws, regulations or ruling, then the fees we charged to our institutional funding partners may, subject to further negotiation with our institutional funding partners, need to be lowered to reflect the adjustment of the aggregated borrowing costs. Should any of the foregoing occur, our business, financial condition, results of operations and prospects could 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 are subject to the laws, regulations, rules and governmental policies governing campus online lending. To minimize our risk, with respect to our point-of-sale installment loans and personal installment loans, we have set the age threshold of our end users at 22. We have also implemented a number of measures for different loan facilitation scenarios, including the following: (i) our business partners will present to borrowers a commitment letter stating that the borrower is not a student and seek their confirmation before extending any point-of-sale installment loans; (ii) any loan request labeled with “student consumption” by our business partners in the point-of-sale installment loans will be rejected; (iii) any loan request generated by lenders identified as students by our financial partners or business partners through the China Credentials Verification system will be rejected; (iv) 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; and (v) all of our credit lending services will not serve lenders below 22 years of age, who will be labeled as students or individuals with low repayment capabilities. 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. In November 2020, the CBIRC and PBOC released the Interim Measures for the Administration of Network Microcredit Companies Business (Draft) to solicit public comments, seeking to tighten the online consumer finance industry. See “—Limitations on micro finance companies and online lending information intermediaries may adversely affect our access to funding.”

These laws and regulations have imposed stringent requirements on the operation of peer-to-peer online lending platforms. Although how these requirements will be interpreted and implemented is still unclear, it is likely that more stringent laws and regulations will be issued and adopted to further regulate related businesses. As a result of the stringent and evolving regulatory environment, online consumer finance industry in China is facing great challenges and shrinking in size. 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. If any financial product on our platform 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 36.1%, 43.6% and 49.9% of our total revenues through cooperation with our top five business partners in 2018, 2019 and 2020, respectively. Our partnerships with these business partners are not on an exclusive basis. In addition, our contracts with them typically have a duration of one year, with most of which providing for automatic renewal. 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.

Since the beginning of 2020, the outbreak of COVID-19 has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and globally. Normal economic life 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 significant uncertainty as to the future progress of the pandemic. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the re-imposition of restrictions.

The COVID-19 pandemic significantly impacted our operations and our business partners, particularly our business partners in the online travel agency and telecom industries. As a result of the pandemic and a series of challenges we encountered, including changes in market conditions, market regulations, external partners and management members, our loan volume in 2020 decreased by 83.2% compared with 2019. We have taken 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. Furthermore, in part in response to the challenges, we are now shifting our business focus by increasing the digital-centric services and substantially reducing our risk-sharing services.

The COVID-19 pandemic may also affect our business, financial condition and results of operations for the full year 2021 to some extent. 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.

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. 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. Furthermore, the COVID-19 pandemic has affected and may continue to affect our ability to compete effectively. 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, OneConnect 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. We also compete across consumer finance, wealth management and insurance with platforms affiliated with major internet companies and business ecosystems in China, such as Lexin, 360 DigiTech and QuantGroup. 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.

On February 7, 2021, the Anti-monopoly Committee of the State Council officially promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. The Anti-Monopoly Guidelines for Internet Platforms mainly cover five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing administrative powers to eliminate or restrict competition. The Anti-Monopoly Guidelines for Internet Platforms prohibit certain monopolistic acts of internet platforms to preserve market competition and safeguard interests of users and undertakings participating in the internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance, such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displayed, using bundle services to sell services or products, and compulsory collection of unnecessary user data. As the Anti-Monopoly Guidelines for Internet Platforms were newly promulgated, it is uncertain to estimate its specific impact on our business, financial condition, results of operations and prospects. We cannot assure you that our business operations comply with such regulations and authorities' requirements in all respects. If any non-compliance is raised by relevant authorities and determined against us, we may be subject to fines and other penalties and need to adjust some of our business practice, which could be costly.

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 Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, originally promulgated by the China Securities Regulatory Commission, or the CSRC, in August 2020, require independent fund sales institutions to comply with certain anti-money laundering requirements, including providing fund managers with necessary information for anti-money laundering, such as clients’ statutory basic identity information, as well as assistance in performing such relevant duties as anti-money laundering, counter-terrorism financing and due diligence on tax-related information in terms of non-resident financial accounts. 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 Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors and the Notice on Anti-Money Laundering Operations of the Insurance Industry are not specified. 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 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.

In addition, we engage in internet-based microcredit business through Ganzhou Aixin Network Micro Finance Co., Ltd. (formerly known as Ganzhou Jimu Micro Finance Co., Ltd.), or Ganzhou Aixin Micro Finance, which holds an internet micro lending license to operate small loan business. However, since the regulatory regime and practice with respect to network microcredit companies are evolving in recent years and subject to uncertainties, we cannot assure you that we would not be subject to any rectification requirements or administrative penalties due to any non-compliance, nor can we assure you that we will be able to satisfy rectification requirements, if any, and maintain or renew the license. For example, in November 2020, the CBIRC and the People's Bank of China released the Interim Measures for the Administration of Network Microcredit Companies Business (Draft) to solicit public comments. The draft measures make it clear that internet-based microcredit business shall be carried out mainly within the provincial administrative areas in which the entity is registered and shall not cross provincial borders without prior approval. The registered capital of an entity operating internet-based microcredit business within a province shall be no less than RMB1 billion and shall be one-time paid-in monetary capital. The registered capital of an entity operating network microcredit cross provinces shall be no less than RMB5 billion and shall be one-time paid-in monetary capital. The draft measures would also establish a three-year transition period, during which entities operating cross-provincial network microcredit businesses without approval will be phased-out. We cannot assure you that Ganzhou Aixin Micro Finance will be able to maintain or renew its microcredit license if the draft measures are enacted in the current form. If we are unable to maintain or renew the microcredit license or obtain any other requisite approvals, licenses or permits, 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 in current amounts due from Jimu Group and RMB117.6 million in non-current amounts. Since Jimu Group became 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. As of December 31, 2019, we made a provision of RMB856.0 million for the amount due from Jimu Group. We made an additional provision of RMB7.8 million (US\$1.2 million) for the year ended December 31, 2020. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group—Cash Advances and Loan Agreements" for more details. 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 total current assets decreased from RMB1,160.0 million as of December 31, 2019 to RMB720.9 million (US\$110.5 million) as of December 31, 2020. 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.

We and certain of our directors and officers have been named as defendants in a shareholder class action, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We are vigorously defending against the shareholder class action described in “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings,” including any appeals of such lawsuit should our initial defense be unsuccessful. We filed a motion to dismiss on April 16, 2021 and are awaiting plaintiff’s opposition, due in mid-June. We plan to submit our reply brief by July 15, 2021. This action remains in its preliminary stage, and we are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuit, if it proceeds. We cannot guarantee that we will not be a target for lawsuits in the future, including putative class action lawsuits brought by shareholders. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment on appeal, and we may decide to settle the lawsuit on unfavorable terms. Any adverse outcome of the lawsuit, including any plaintiffs’ appeal of the judgment, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus have a material adverse effect on our business, financial condition, results of operations, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our cash resources and divert management’s attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

If we fail to comply with laws and contractual obligations related to data privacy and protection, our business, results of operations and financial condition could be materially and adversely affected.

We have access to a large amount of data and personal information of our end users, including financial information and personally identifiable information. While we have security measures in place to protect our end-users' data, our solutions and underlying infrastructure may in the future be materially breached or compromised as a result of the following:

- third-party attempts to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information to gain access to our user' data, our data or our IT systems;
- efforts by individuals or groups of hackers and sophisticated organizations;
- cyberattacks on our internally built infrastructure;
- vulnerabilities resulting from enhancements and upgrades to our existing solutions;
- vulnerabilities in third-party infrastructure and systems and applications that our solutions operate in conjunction with or are dependent on;
- vulnerabilities existing within newly acquired or integrated technologies and infrastructure;
- attacks on, or vulnerabilities in, the many different underlying networks and services that power the internet that our solutions depend on, most of which are not under our control; and
- employee or contractor errors or intentional acts that compromise our security systems.

These risks are mitigated, to the extent possible, by our ability to maintain and improve business and data governance policies, enhanced processes and internal security controls, including our ability to escalate and respond to known and potential risks. Although we have developed systems and processes designed to protect our users' data, we can provide no assurance that such measures will provide absolute security. For example, our ability to mitigate these risks may be affected by the following:

- vulnerabilities in third-party infrastructure and systems and applications that our solutions operate in conjunction with or are dependent on;
- vulnerabilities existing within newly acquired or integrated technologies and infrastructure;
- attacks on, or vulnerabilities in, the many different underlying networks and services that power the internet that our solutions depend on, most of which are not under our control; and
- employee or contractor errors or intentional acts that compromise our security systems.

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. While we verify information obtained from third parties through data source credential evaluation and online and offline test evaluations in an effort to ensure reliability and efficacy, such measures may not turn out to be effective in eliminating low quality and inaccurate data. 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 Civil Code of PRC. Under the Civil Code of PRC, 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 Civil Code of PRC, 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.

In September 2019, Mr. Wei resigned from his position as chairman of the board of directors but remains on our board of directors. 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. In August 2020, Dr. Victor Huike Li was appointed as chief executive officer and director of our company. Mr. Wei Wei tendered his resignation as our chief executive officer for health reasons, and Mr. Jun Dong resigned from his position as our acting chief executive officer as a result of Dr. Li's appointment. Both Mr. Wei and Mr. Dong will continue to serve on our board of directors following their resignations from our management. In January 2021, Mr. Ziwei Zhang resigned from his position as our chief marketing officer for personal reasons. In January 2021, Mr. Jiacheng Liu resigned from his position as our independent director for personal reasons. Ms. Xueping Ning was appointed as a successor independent director to serve on our board of directors, replacing Mr. Liu. Any future changes in our management composition may disrupt our business operations, and our financial condition and results of operations may be adversely affected.

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.

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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.

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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, 2020, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of December 31, 2020, 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. The 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.

Following the identification of the material weakness 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 U.S. Securities and Exchange Commission, or the SEC, 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. Meanwhile, we provide supplemental commercial medical insurance for all of 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 any property insurance policies covering equipment and other properties that is essential to our business operations, nor do we maintain business interruption insurance, general third-party liability insurance, 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.

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.

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) (2020 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 Service Guide for the Establishment and Examination and Approval of Insurance Brokers, published by the CBIRC in August 2019, foreign shareholders of a Chinese Insurance Broker shall be (i) foreign insurance brokers with more than 30 years of experience in establishing commercial institutions in WTO member countries; and (ii) have total assets of more than US\$200 million at the end of the year preceding the investment application in a Chinese brokerage business. Our PRC subsidiaries and their subsidiaries may not in practice meet all the requirements. Therefore, even though the insurance brokerage industry falls within the permitted category under the Catalogue of Industries for Encouraging Foreign Investment and the Negative List, we opted for a variable interest entities structure instead of direct ownership. 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.

According to the Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, any foreign shareholder of an independent fund distributor must be a financial institution established under the laws of the country or region where it is located and legally existing while having asset management or investment consulting experience, and the securities regulator of the country or region where it is located shall have executed a memorandum of regulatory cooperation with the CSRC or other institutions recognized by the CSRC, and maintains an effective regulatory cooperation relationship therewith. Our subsidiaries may not in practice meet all the requirements. 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. Yudong Zheng and Mr. Xin Sun. 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 all of their shareholders' rights and shareholder voting rights pursuant to the power of attorney, and 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. In addition, these shareholders shall not dispose their interests or rights in the variable interest entities without our prior consent. 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 2021 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.

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

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the PRC territory. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase the difficulties you face in protecting your interests.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

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 2020. 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. 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.

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, securities, investment (except for 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. On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

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 anti-monopoly law enforcement agency shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for Internet Platforms, which stipulates that any concentration of undertakings involving variable interest entities shall fall within the scope of anti-monopoly review. If a concentration of undertakings meets the criteria for declaration as stipulated by the State Council, an operator shall report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance. Therefore, our potential acquisitions of other entities that we may make in the future (whether by ourselves, our subsidiaries or through our variable interest entities) and that meets the criteria for declaration may be required to be reported to and approved by the anti-monopoly law enforcement agency, and we may be subject to penalties, including but not limited to a fine of no more than RMB500,000 if we fail to comply with such requirement. 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."

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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;

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- 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 252,411,711 Class A ordinary shares and 50,939,520 Class B ordinary shares outstanding as of March 31, 2021, including 217,693,819 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.

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As of March 31, 2021, 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 16.8% of our total issued and outstanding share capital and 75.2% 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, including through potential merger and acquisition opportunities. 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 taxable 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 taxable 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, 2020. 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—U.S. Federal Income Tax Considerations—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 continue to be classified as a PFIC for our taxable year ending December 31, 2021. 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 taxable year ending December 31, 2021 and in future taxable years.

If we are classified as a PFIC for any taxable 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 taxable 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 and conduct our operations primarily in emerging markets .

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 Act (As Revised) 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.

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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. As a foreign private issuer, we are permitted under the Nasdaq Stock Market Rules to follow home country corporate governance practices. Specifically, we do not have a majority of independent directors serving on our board of directors. We may also continue to rely on this and other exemptions available to foreign private issuers in the future, and to the extent that we choose to do so, 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 “—Risks Related to Our ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.”

In addition, we conduct substantially all of our business operations in emerging markets, including China, and substantially all of our directors and senior management are based in China. The SEC, U.S. Department of Justice, or the DOJ, and other authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets, including China. Additionally, our public shareholders may have limited rights and few practical remedies in emerging markets where we operate, as shareholder claims that are common in the United States, including class action based on securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets, including China. For example, in China, there are significant legal and other obstacles for the SEC, the DOJ and other U.S. authorities to obtaining information needed for shareholder investigations or litigation. Although the competent authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, the regulatory cooperation with the securities regulatory authorities in the United States has not been efficient in the absence of a mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no foreign securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to foreign securities regulators.

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.

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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 U.S. 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.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.

As an exempted company incorporated in the Cayman Islands company with limited liability that is listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq 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 corporate governance listing standards. We have relied on and plan to continue to rely on home country practice with respect to our corporate governance. Specifically, we do not have a majority of independent directors serving on our board of directors. For details, please refer to “Item 6. Directors, Senior Management and Employees—C. Board Practices—Board of Directors.” As a result, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq rules applicable to U.S. domestic issuers.

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 depository. If we ask for your instructions, then upon receipt of your voting instructions, the depository 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 depository 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 depository to vote your shares. In addition, the depository 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.

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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 Micro Finance from Jimu Group. The purchase price of RMB230 million (US\$35 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, pursuant to the equity interest transfer agreements, Beijing Xuanji’s two nominee shareholders shall transfer 80% and 20% of Beijing Xuanji’s equity interests to a third party and Shenzhen Xiaogang Technology Co., Ltd, or Shenzhen Xiaogang, respectively. The consideration for the 80% of Beijing Xuanji’s equity transfer to the third party was RMB24 million. Meanwhile, this third party entered into a two-year concerted action agreement to vote in accordance with Shenzhen Xiaogang’s decision. The equity interest transfer agreements were subsequently cancelled. On June 1, 2020, the above parties entered into a supplementary agreement, pursuant which all the 80% of the equity interests in Beijing Xuanji to be transferred to the third party shall be transferred to Shenzhen Xiaogang, and Shenzhen Xiaogang shall purchase such equity interests at the consideration originally provided in the equity interest transfer agreements.

On September 25, 2020, we held an extraordinary general meeting of shareholders, or the 2020 EGM. At the 2020 EGM, the shareholders resolved that: (i) our authorized share capital be increased and amended to US\$250,000, divided into 2,000,000,000 shares of a par value of US\$0.000125 each, comprising of (i) 1,750,000,000 Class A ordinary shares and (ii) 250,000,000 Class B ordinary shares; and; and (2) our Third Amended and Restated Memorandum of Association and Articles of Association be amended and restated by their deletion in their entirety and by the substitution in their place of the Fourth Amended and Restated Memorandum of Association and Articles of Association.

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On October 22, 2020, we closed the acquisition of all the outstanding equity interests in Yinchuan Chuanxi Technology Co., Ltd., or Chuanxi Technology, from Ningxia Fengyin Enterprise Management Consulting LLP, or Ningxia Fengyin, for a total consideration of RMB400 million (US\$61.3 million), or the Consideration, pursuant to certain equity transfer agreements dated as of October 22, 2020. Chuanxi Technology currently does not have any employee or engage in any business activities. By closing the acquisition, we obtained control over Chuanxi Technology as well as RMB400 million in its bank account. Pursuant to the agreements, to satisfy the payment obligation for the Consideration, we have issued a warrant to Otov Alfa Holdings Limited, an entity designated by Ningxia Fengyin, to purchase, in a private placement, up to 320,036,576 of our Class A ordinary shares. The number of shares is calculated by the U.S. dollar equivalent of the Consideration divided by US\$0.1857 per share, which is equivalent to US\$1.30 per ADS, representing approximately a 25.0% premium to the 45-day volume weighted average price of the ADSs. The warrant is exercisable immediately at the par value per share and will expire on the third anniversary of the issuance date. As of the date of this annual report, the warrant has not been exercised.

On January 21, 2021, Pintec Beijing renewed the contractual arrangements with Beijing Jinke due to a change in Beijing Jinke' shareholding structure.

On April 2 2021, we called an extraordinary general meeting of shareholders, or the 2021 EGM, to be held on May 7, 2021 to consider and vote on two proposals including that: (i) our authorized share capital be changed to US\$250,000, divided into 2,000,000,000 shares of a par value of US\$0.000125 each, comprising of (i) 750,000,000 Class A ordinary shares, (ii) 250,000,000 Class B ordinary shares, and (iii) 1,000,000,000 shares of no specific class of a par value of US\$0.000125 each, by the re-designation of 1,000,000,000 authorized but unissued Class A ordinary shares as shares of no specific class; and (2) our Fourth Amended and Restated Memorandum of Association and Articles of Association be amended and restated by their deletion in their entirety and by the substitution in their place of the Fifth Amended and Restated Memorandum of Association and Articles of Association. On April 7, 2021, we announced that the venue for the 2021 EGM will be change to Conference Room B, Floor 1, Grand Metro Park Conference Center Long Xi Beijing, Building 7, No.55 Longhua Avenue, Daxing District, Beijing.

On April 9, 2021, we entered into an agreement to acquire all the equity interest in Riche Bright Securities Limited, or RB, a securities brokerage firm based in Hong Kong. RB is a registered securities dealer with the Securities and Futures Commission of Hong Kong under a Type 1 license. In connection with the acquisition, we agreed to issue 35,000,000 non-voting ordinary shares to RB's original shareholder as the consideration for the sale of RB's equity interest. On April 12, 2021, we entered into an agreement to acquire all of the equity interest in Shenzhen Jishengtai Technology Co. Ltd., or JST, which is a securities technology firm based in Shenzhen, China and the backbone technology team of RB. In connection with the acquisition, we agreed to issue certain non-voting ordinary shares, consisting of a fixed base of 38,098,200 shares and an additional maximum of 45,098,200 shares subject to downward adjustment based on certain performance target on RB, to JST's original shareholders as the consideration for the sale of JST's equity interest. The consideration shares for these two acquisitions will be issued in reliance upon an exemption or exclusion from the registration requirement under Section 5 of the Securities Act of 1933, as amended. We expect to consummate these transactions in May 2021.

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.

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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. In 2020, we optimized our product matrix by focusing on developing high-quality products with case scenarios for renowned business partners such as Ctrip and BestPay. We believe that the optimization of our product structure has helped boost the overall quality of our partnership base and further incentivized financial institutions to cooperate with us through profit-sharing partnership models. We have continued to forge more partnerships with leading financial institutions and maintained relationships with 18 cooperative funding partners, including self-owned micro-finance and factoring partners.

Our Business Partners

Our business partners include 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 15 business partners, including Qunar, Ctrip, BestPay and Vip.com. In addition, we provide personal installment lending solutions to 13 business partners, including Ctrip and BestPay, and SME lending solutions to three business partners. As of December 31, 2020, we provided wealth management solutions to 14 business partners, including Xiaomi, Bank of Jiangxi and Guoyuan 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 had 100 financial partners as of December 31, 2020. These include 18 lending solutions partners, 71 wealth management partners and 11 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 62%, 24% and 4% of the outstanding loans facilitated through our platform as of December 31, 2018, 2019 and 2020, respectively. We did not have any further funding from Jimu Box since March 2020. 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 Bank of Hangzhou Consumer Finance Company, Guotou (Ningxia) Internet Micro Credit, Fullerton Credit and aiBank. Financial partners providing non-structured direct funding were the funding source for 25%, 62%, and 83% of the outstanding loans facilitated through our platform as of December 31, 2018, 2019, and 2020, respectively. 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 acquired from Jimu Group in March 2019, also provides certain financing for personal installment loans. We have also 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 on trusts and other structured finance since 2017. In 2020, we worked with Yunnan Trust on trusts and other structured finance. Trusts and other structured finance were the funding source for 10%, 11%, and nil of the outstanding loans facilitated through our platform as of December 31, 2018, 2019, and 2020, respectively. 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 2018 and 2019.

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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, 2018, 2019 and 2020.

	As of December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands)						
Online consumer finance platform	3,593,302	61.9%	801,676	24.3%	21,141	3,240	3.6%
Non-structured direct funding	1,479,166	25.5%	2,041,729	61.8%	488,823	74,915	82.9%
Trusts and other structured finance	592,642	10.2%	359,981	10.9%	20,573	3,153	3.5%
Unsecured general loan and others ⁽¹⁾	137,924	2.4%	98,511	3.0%	59,147	9,065	10.0%
Total	5,803,034	100.0%	3,301,897	100.0%	589,684	90,373	100.0%

(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 71 wealth management financial partners include such well-known names in China as Guangfa Asset Management, Guotai Asset Management and Penghua Fund Management. We distributed RMB3,284.7 million, RMB1,466.2 million, and RMB509.3 million (US\$78.1 million) of wealth management products as measured by total value in 2018, 2019 and 2020, 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, 2020, we have facilitated a cumulative total of approximately RMB47.8 billion (US\$7.3 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 close to 6.9 million as of December 31, 2020.

A geographically diverse set of borrowers stretching across 468 cities and counties in China have borrowed loans from our lending solutions partners using our solutions. The top three cities in terms of borrowers accounted for only approximately 4.7% of all such borrowers as of December 31, 2020. Approximately 43.9 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 54.5% are between the ages of 22 and 30 and another 25.8% 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, 2020, over 293,000 cumulative retail investors on Hongdian and Polaris had made transactions on our platforms, with an average amount under management of over RMB1,054 (US\$162) per user compared to that of RMB5,080 as of December 31, 2019, primarily due to the business suspension of certain of Polaris’s financial partners as a result of the licensing requirements under newly promulgated regulations.

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 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 2018, 2019 and 2020, the total volume of point-of-sale installment loans we facilitated was approximately RMB4.5 billion, RMB2.4 billion, and RMB0.3 billion (US\$46.0 million), 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 11.7% of the principal amount in 2020. 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 and 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\$77) and RMB100,000 (US\$15,326). 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 loan proceeds are transferred to the user’s bank account when the loan is drawn down. We charge our financial partners technical service fees. In 2020, approximately 1,291,400 customers were approved for personal installment loan credit lines with an average credit limit of approximately RMB7,004 (US\$1,073) through solutions that we provided to lending solutions partners. The aggregate amount of credit lines approved was RMB53.2 billion, RMB60.3 billion, and RMB60.3 billion (US\$9.2 billion), respectively, and the amount outstanding was RMB3.8 billion, RMB2.2 billion, and RMB0.3 billion (US\$46.0 million) as of December 31, 2018, 2019 and 2020, 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 SMEs and possess significant data about their customers which can aid 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\$11 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\$153) to RMB1,000,000 (US\$153,257). 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 RMB1,221.3 million, RMB781.6 million, and RMB122.8 million (US\$18.8 million) for the years ended December 31, 2018, 2019 and 2020, respectively.

The table below sets forth certain information about the loans we have facilitated in 2020.

	Point-of-sale Installment Loans	Personal Installment Loans	Business Installment Loans
Loans facilitated	RMB269.2 million (US\$41.3 million)	RMB1,453.1 million (US\$222.7 million)	RMB124.2 million (US\$19.0 million)
Outstanding loans as of December 31, 2020	RMB263.3 million (US\$40.4 million)	RMB254.6 million (US\$39.0 million)	RMB69.9 million (US\$10.7 million)
Loan size	RMB1,000 to RMB50,000 (US\$153 to US\$7,663)	RMB1,000 to RMB200,000 (US\$153 to US\$30,651)	RMB1,000 to RMB1,000,000 (US\$153 to US\$153,257)
Average loan size ⁽¹⁾	RMB806 (US\$124)	RMB25,235 (US\$3,867)	RMB49,666 (US\$7,612)
Loan term	1 to 24 months	3 to 12 months	3 to 12 months
Average loan term ⁽²⁾	5.3 months	6.0 months	10.7 months
Weighted average APR ⁽³⁾	11.7%	19.9%	16.1%

- (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.

Wealth Management Solutions

Our wealth management solutions include 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, 2020, we had partnered with 71 fund management companies and listed over 4,000 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, 2020, we had facilitated transactions for approximately 300,000 cumulative unique investors through our wealth management solutions with a cumulative transaction amount of RMB8.4 billion (US\$1.3 billion), as compared to over 200,000 cumulative unique investors and a cumulative transaction amount of RMB7.3 billion as of December 31, 2019.

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 RMB7.3 million (US\$1.1 million) and served 324 thousand end users in 2020, as compared to insurance premiums of RMB8 million and 105 thousand end users in 2019. As of December 31, 2020, we provided insurance solutions to 11 insurance companies, as compared to two insurance companies as of December 31, 2019. We used to solicit businesses for our insurance solutions primarily through cross-selling through retail credit channels. Starting from 2020, we have strategically shifted to follow a market-oriented approach in promoting our insurance solutions instead of relying on cross-selling and have experienced a decline in related revenues. We believe that, along with our efforts in enriching Myfin's key features and use cases, our insurance solutions will grow substantially in 2021. 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.

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- *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.

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- *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 4,000 public mutual fund products from 71 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, 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.

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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, 2018, 2019 and 2020, including both on-balance sheet loans and off-balance sheet loans.

	Delinquency rate by balance		
	16 - 30 days	31 - 60 days	61 - 90 days
December 31, 2018	1.27%	2.35%	2.33%
December 31, 2019	1.72%	2.98%	2.86%
December 31, 2020	0.77%	0.97%	0.95%

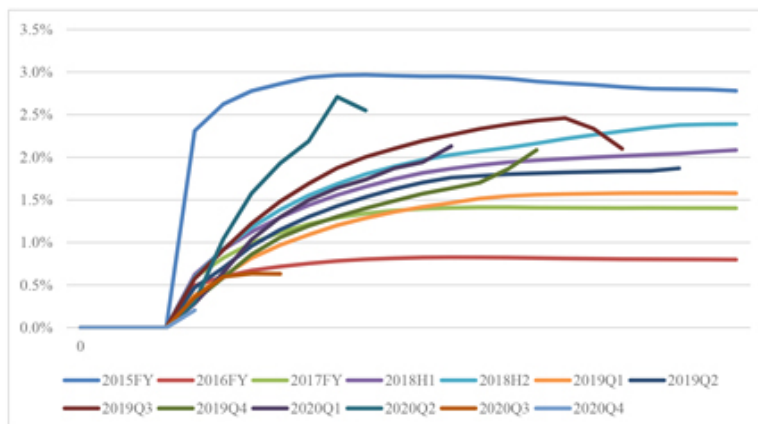
Government initiatives such as Circular 141 and The Notice on Inspection of Rectification of Online Lending Information Intermediaries, also known as Circular 57, both of which were released in December 2017, fostered negative publicity about the industry that contributed to higher delinquency rates 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. In 2020, as part of our business transformation and in response to challenges caused by the COVID-19 outbreak, we significantly decreased our activities with funding partners who require us to share risks and abandoned the guarantee model. In addition, we continued to optimize our product matrix by focusing on our development of high-quality products, prioritizing asset quality over asset quantity, and partnering with high-caliber industry leaders, leading to improved loan repayment performance.

COVID-19 has had an adverse impact on the global economy and has, adversely impacted our customers' ability to pay. Benefiting from China's effective epidemic control and prevention work, the spread of COVID-19 has been gradually contained. We experienced a higher level of delinquency in our overall portfolio in the early days of the COVID-19 outbreak. However, we were still in a favorable position compared with our peers, because (i) our business comes from consumption scenarios, which makes the overall traffic relatively high-quality, and (ii) we were able to quickly adjust our traffic operations, customer screening and risk management strategies in response to the outbreak.

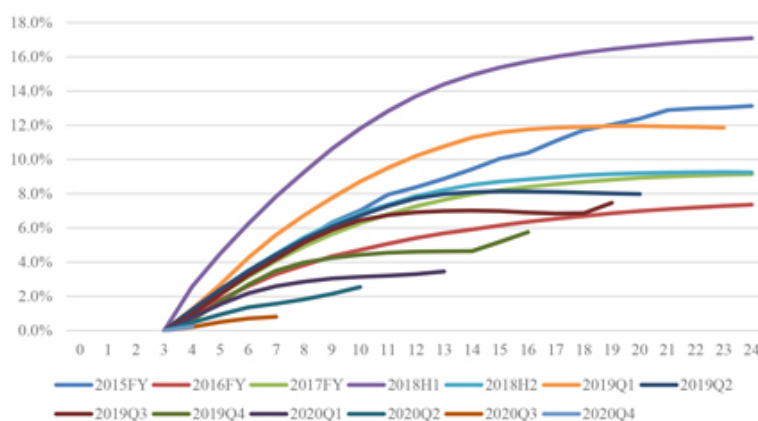
The M3+ delinquency rate by vintage with respect to loans facilitated during a specified time period, which we refer to as a vintage, is defined as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period, and (ii) 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.

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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, 2020, we have 82 technology employees, representing approximately 52% 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 2020, we incurred RMB37.5 million (US\$5.8 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.

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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.

Data Privacy and Security

We have access to a large amount of data and personal information of our end users. We also have access to certain operating and other data of our financial and business partners. We take the privacy of personal data and confidential information seriously and have designed stringent data protection and retention policies to ensure compliance with applicable laws and regulations. We do not share end users' data with third parties without their prior consent. In addition, we utilize a system of firewalls to prevent unauthorized access to our internal systems. We also maintain a real-time backup system in a leased facility where we host most of our hardware, and a remote backup system at a separate facility. Our IT department monitors the performance of our websites, technology systems and network infrastructure to enable us to respond promptly to potential problems. We also continuously review, improve and iterate our data privacy policies and security foundation.

As of the date of this annual report, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by applicable laws and regulations in China and other jurisdictions, and we have not experienced any material data loss or breach incidents.

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. In 2020, we established a new portfolio of Fintechs, including Wagepay and Janko Loans, to provide automated credit service in Australia while leveraging open banking technologies. This move further validates that our lending technology stack is applicable to a wide variety of international markets. Furthermore, the Overseas Finance business unit was established to devise a holistic strategy to extend our financing service offerings globally. We expect to establish new ventures in Asia, Australia and beyond, with mission to provide individuals and small businesses with timely access to low-cost credit through AI, data and automation technologies.

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, OneConnect 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. We also compete across consumer finance, wealth management and insurance with platforms affiliated with major internet companies and business ecosystems in China, such as Lexin, 360 DigiTech and QuantGroup. 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 have 54 registered trademarks, including the Chinese name for Dumiao, Hongdian, Myfin and Pintec.

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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 and personal installment loans before and after 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 our online travel agency point-of-sale installment loans, and personal installment loans during national holidays in China, particularly around the Chinese New Year holiday.

Insurance

We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance and medical insurance, for our employees. Meanwhile, we provide supplemental commercial medical insurance for all of employees. We do not maintain any property insurance policies covering equipment and other properties that is essential to our business operations, nor do we maintain business interruption insurance, general third-party liability insurance, 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

The establishment, operation, and management of corporate entities in the PRC, including foreign-invested companies, are subject to the Company Law of the PRC, or the Company Law, which was issued by the Standing Committee of the National People’s Congress on December 29, 1993 and took effect on July 1, 1994. The Company Law was last amended on October 26, 2018. Unless otherwise provided in the PRC Foreign Investment Law, the provisions of the Company Law shall prevail.

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.

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In December 2020, the National Development and Reform Commission and the Ministry of Commerce promulgated Measures for Security Review of Foreign Investment, which became effective on January 18, 2021. The Foreign Investment Security Review Mechanism, or the Security Review Mechanism, in charge of organization, coordination and guidance of foreign investment security review is thereunder established. A working mechanism office shall be established under the National Development and Reform Commission and led by the National Development and Reform Commission and the Ministry of Commerce to undertake routine work on the security review of foreign investment. According to the Security Review Mechanism, in terms of foreign investment activities falling in the scope such as important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields that concern state security, while obtaining the actual control over the enterprises invested in, a foreign investor or a party concerned in the PRC shall take the initiative to make a declaration to the working mechanism office prior to making the investment.

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 2020, the Ministry of Commerce and the National Development and Reform Commission promulgated the Special Management Measures for Foreign Investment Access (Negative List) (2020 version), or the Negative List (2020 version), which became effective on July 23, 2020. The Negative List (2020 version) further 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 (2020 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 (2020 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.

On March 12, 2002, the Circular of China Insurance Regulatory Commission on Distributing the Contents Related to Insurance Industry in the Legal Documents of China’s Accession to WTO, or the Circular 12, became effective and provided that foreign shareholders of a Chinese insurance broker shall (i) be foreign insurance brokers with more than 30 years of experience in establishing commercial institutions in WTO member countries; (ii) have established a representative office in China for two successive years; and (iii) have total assets of more than US\$200 million at the end of the year preceding the investment application in a Chinese brokerage business. On October 30, 2019, the Opinions of the State Council on Furthering Effective Use of Foreign Capital was promulgated, which became effective the same day. The State Council presented several opinions to further the effective use of foreign capital, including canceling the years of business operation and the total assets requirements for foreign insurance brokerage institutions to operate insurance brokerage business. However, according to the Service Guide for the Establishment and Examination and Approval of Insurance Brokers, published by the CBIRC in August 2019, foreign shareholders of a Chinese Insurance Broker shall be (i) foreign insurance brokers with more than 30 years of experience in establishing commercial institutions in WTO member countries; and (ii) have total assets of more than US\$200 million at the end of the year preceding the investment application in a Chinese 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 Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, originally promulgated by the CSRC in August 2020, 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, but not limited to: (i) having good financial position and regulated operation; (ii) having business premises, security protection and other facilities commensurate with fund distribution business, and its information management platform for handling fund distribution business complies with the requirements of the CSRC; (iii) having sound and efficient business management and risk management systems, its systems for anti-money laundering, counter-terrorism financing and due diligence on tax-related information in terms of non-resident financial accounts, etc., comply with the requirements of laws and regulations, and its systems for fund distribution settlement capital management, investor eligibility management, internal control, etc., comply with the requirements of the CSRC; (iv) having at least 20 employees obtained the fund practice qualification; (v) it has been subjected to neither a criminal penalty nor major administrative punishment during the last three years, it has been subjected to no major administrative regulatory measures due to any analogous business during the last one year, it does not fall within the rectification period due to any major act in violation of laws and regulations, or is under investigation by the competent regulator due to being suspected of committing any major act in violation of laws and regulations, and it involves no matter concerning a major alteration that has affected or may affect the normal company operation, or major litigation, arbitration, etc.; (vi) its shareholders make capital contributions with their self-owned capital, rather than non-self-owned capital such as debt capital or entrusted capital, and its overseas shareholders make capital contributions in freely convertible currencies; (vii) having net assets of no less than RMB50 million; and (viii) the senior executives have obtained the fund practice qualification, are familiar with the fund distribution business and comply with the post-holding conditions for senior executives in the fund industry as required by the CSRC.

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.

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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 Loan Interest

The Civil Code of PRC, which was promulgated by the National People’s Congress in May 2020 and became effective in January 2021, requires that the interest rates charged under a loan agreement must not violate applicable provisions of the PRC laws and regulations. In addition, under the Civil Code of PRC, the interest shall not be deducted from the proceeds of the loan in advance; and if the interest is deducted from the proceeds in advance, the loan shall be repaid and the interest shall be calculated based on the actual loan amount.

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 August 2015 and effective in September 2015, or the 2015 Private Lending Judicial Interpretations, agreements between a lender and a borrower on loans with annual interest rates below 24% are valid and enforceable. With respect to loans with annual interest rates between 24% and 36%, if the interest on the loans has already been paid to the lender, and so long as such payment has not damaged the interest of the state, the community or any third parties, the courts will likely turn down the borrower’s request to demand the return of the interest payment. If the annual interest rate of a private loan is higher than 36%, the obligations to pay interest payment in excess of the maximum interest rate allowed will be invalidated.

In December 2020, the Supreme People's Court issued the Decision on Amending the Provisions of the Supreme People's Court on Several Issues the Application of Law in the Trial of Private Lending Cases (second revisions in the year of 2020), or the Private Lending Judicial Interpretation Amendment, which amended several provisions of the 2015 Private Lending Judicial Interpretation including the upper limit of judicial protection for private lending interest rates. The Judicial Interpretation Amendment provides that where the lender requests the borrower to pay interest in accordance with the interest rate agreed upon in the agreement, the people's court shall support such request, except where the interest rate agreed by both parties exceeds four times of the LPR at the time of the establishment of the agreement, or the Quadruple LPR Limit. The one-year Loan Prime Rate refers to the one-year loan market quoted interest rate issued by the National Bank Interbank Funding Center which was authorized by the People's Bank of China, on the 20th of each month since August 20, 2019. According to the Private Lending Judicial Interpretation Amendment, the upper limit of interest rates of 24% and 36% provided in the 2015 Private Lending Judicial Interpretation, are replaced by the Quadruple LPR Limit. Moreover, if the lender and the borrower agree on both the overdue interest rate and the liquidated damages or other fees, the lender may choose to claim any or all of them, but the portion in total exceeding the Quadruple LPR Limit shall not be supported by the people's court.

In addition, the Supreme People's Court issued the Official Reply to Issues on the Application of the Interpretations of the Supreme People's Court of New Private Lending, or the Official Reply on the Application of Interpretations of New Private Lending, in December 2020, which became effective in January 2021. The Official Reply on the Application of Interpretations of New Private Lending confirms that any disputes arising from the relevant financial business conducted by the microcredit companies, financing guarantee companies, regional equity market, pawn enterprises, financial leasing companies, business factoring companies and local assets management companies that are supervised by the local financial supervision governmental authorities, shall not apply to the Interpretations of the Supreme People's Court of New Private Lending.

In March 2021, the PBOC releases Announcement No.3 to ensure orderly competition in the loan market and protect the legitimate rights and interests of financial consumers. Announcement No.3 requires all loan products to list their annualized interest rates expressly. Specifically, (i) all lending institutions are required to display the annualized rate of each loan product prominently on the website, mobile app, poster, and any other channels where the product is marketed, and specify the annualized rate in the loan contract. Daily and monthly interest rates may also be displayed if necessary, but not more prominently than the annualized interest rates; (ii) lending institutions include but are not limited to depository financial institutions, automobile finance companies, consumer finance companies, micro-lending companies, and internet platforms that advertise or display loan services; (iii) the annualized rate of a loan should be calculated as the annualized ratio of total costs (to the borrower) to the outstanding principal amount. The costs include interest and other fees and charges directly related to the loan. The amount of principal should be specified in the loan contract or other loan certificates. If the loan is repaid in installments, the outstanding principal amount should be the balance after each repayment; and (iv) the calculation of the annualized interest rate may be based on compound interest or simple interest. The calculation based on compound interest is equivalent to that of the internal rate of return, and the simple-interest approach should be specified as such.

Regulations Relating to Cooperation with Institutional Funding Partners

The PRC laws and regulations governing our cooperation with institutional funding partners are developing and evolving.

In December 2017, the National Internet Finance Rectification Office and the National Online Lending Rectification Office jointly issued the 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.

On December 8, 2017, the Online Lending Rectification Office promulgated the Rectification Implementation Plans of Network Microcredit Companies, detailing the requirements on network microcredit companies. Pursuant to the Rectification Implementation Plans of Network Microcredit Companies, “network micro-loans” are defined as micro-loans provided through the internet by network microcredit companies controlled by internet enterprises. The features of network micro-loans include online borrower acquisition, credit assessment based on the online information collected from the business operation and internet consumption, as well as online loan application, approval and funding.

The Interim Measures for the Administration of Network Microcredit Companies Business (Draft), or the Draft Network Microcredit Measures, was released by the CBIRC and the PBOC in November 2020 to solicit public comments. The Draft Network Microcredit Measures makes it clear that internet-based microcredit business shall be carried out mainly within the provincial administrative areas in which the entity is registered and shall not be cross-provincial without prior approval. The registered capital of a company operating internet-based microcredit business shall be no less than RMB1 billion and shall be a one-time paid-in monetary capital. The Draft Network Microcredit Measures would expressly prohibit loans from being used to invest in bonds, stocks, financial derivatives, or asset management products to purchase houses or to repay mortgage loans. The Draft Network Microcredit Measures would establish a three-year transition period, during which entities operating cross-provincial network microcredit businesses without approval will be phased-out.

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.

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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.

In February 2021, the CBIRC, the PBOC, the Ministry of Education, the Office of the Central Cyberspace Affairs Commission and the Ministry of Public Security jointly issued the Notice on Further Strengthening the Regulation and Management Work of Internet Consumer Loan for College Students, or the Notice on Internet Consumer Loan for College Students. The Notice on Internet Consumer Loan for College Students provides that the microcredit companies are prohibited from providing internet consumer loans to college students. In addition, it sets forth several requirements on the banking financial institutions participating in internet consumer loans for college students, including without limitation: (i) the banking financial institutions and its cooperative institutions shall not conduct online precision marketing aimed at college students, and shall complete necessary filings and reports with relevant authorities before offline promotion on campus; (ii) the banking financial institutions shall strictly check credit qualifications and identities of college students and their use of loans, conduct comprehensive credit assessment, and receive the written confirmation from the second repayment sources (such as parents, guardians, or other administrator of the college students) that they agree such internet consumer loans to be provided to such college student and they will guarantee the repayment of such internet consumer loans; and (iii) all credit information of internet consumer loans for college students shall be submitted to the financial credit information database in a timely, complete and accurate manner, and college students who do not agree to submit such credit information shall not be extended the loan.

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\$76,628) to RMB1,000,000 (US\$153,257), 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.

In July 2020, the CBIRC issued the Guidelines for Offsite Supervision of Financing Guarantee Companies, or the Offsite Supervision Guidelines, which took effect in September 2020. The Offsite Supervision Guidelines stipulate the guidelines for the competent regulatory authorities to continuously analyze and evaluate the risk of financing guarantee companies and the financing guarantee industry, by way of collecting report data and other internal and external data of the financing guarantee companies and carrying out corresponding measures. Pursuant to the Offsite Supervision Guidelines, financing guarantee companies shall establish and implement an offsite supervision information report system and submit related data and non-data information in accordance with the requirements of the competent regulatory authorities. The Offsite Supervision Guidelines note that the corporate governance, internal control, risk management capabilities, guarantee business, associated guarantee risks, asset quality, liquidity indicators and investment conditions of financing guarantee companies shall be the key areas for the offsite supervision.

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 Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, originally promulgated by the CSRC in August 2020, require independent fund sales institutions to comply with certain anti-money laundering requirements, including providing fund managers with necessary information for anti-money laundering, such as clients' statutory basic identity information, as well as assistance in performing such relevant duties as anti-money laundering, counter-terrorism financing and due diligence on tax-related information in terms of non-resident financial accounts.

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.

In April 2021, the Measures for Supervision and Administration of Anti-Money Laundering and Anti-Terrorism Financing of Financial Institutions, or the Anti-Money Laundering Measures for Financial Institutions, was officially released by the People's Bank of China, which will take effect on August 1, 2021. According to the Anti-Money Laundering Measures for Financial Institutions, the following financial institutions duly established within the PRC territory are clearly required by the People's Bank of China to fulfill anti-money laundering and anti-terrorism financing related obligations: (i) developmental financial institution, policy banks, commercial banks, rural cooperative banks, rural credit cooperatives and village/township banks; (ii) securities companies, futures companies and fund management companies; (iii) insurance companies and insurance asset management companies; (iv) trust companies, financial asset management companies, finance companies of enterprise groups, financial leasing companies, auto finance companies, consumer finance companies, currency brokerage companies and wealth management subsidiaries of commercial banks; and (v) other financial institutions. Besides, such obligations also apply to the non-bank payment institutions, banks card organization, fund clearing center, microcredit companies engaging in the internet microcredit lending business and the institutions engaging exchange business, funds sales business, insurance agency and brokers business. The People's Bank of China and its branches shall carry out the supervision and administration of the financial institutions' work with regard to the anti-money laundering and anti-terrorism financing pursuant to the relevant laws and regulations. The Anti-Money Laundering Measures for Financial Institutions require the financial institutions to draft and improve the anti-money laundering and anti-terrorism financing internal control policy, evaluate the anti-money laundering and anti-terrorism financing risks, establish the risks management mechanism according to its risk conditions and operation scale, construct anti-money laundering system, and set up or appoint institutions equipped with qualified staff, to perform its anti-money laundering and anti-terrorism financing obligations.

Regulations on Anti-Monopoly Matters Related to Internet Platform Companies

The PRC Anti-Monopoly Law, which took effect on August 1, 2008, prohibits monopolistic conducts such as entering into monopoly agreements, abusing market dominance, and undertaking concentrations that may have the effect of eliminating or restricting competition. On February 7, 2021, the Anti-Monopoly Commission of the State Council officially promulgated the Anti-Monopoly Guidelines for Internet Platforms. The guidelines prohibit certain monopolistic conducts of internet platforms to protect market competition, safeguard interests of users and operators who participate in internet platform economics, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology methods to block competitors' interface, tying or attaching unreasonable trading conditions, compulsory collection of unnecessary user data). In addition, the guidelines also reinforce the requirement of antitrust merger review for internet platform related transactions to safeguard market competition.

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.

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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 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.

The MIIT issued the Notice on the Further Special Rectification of Apps Infringing upon Users' Personal Rights and Interests in July 2020, which requires that certain conducts of app service providers should be inspected, including, among others, (i) collecting personal information without the user's consent, collecting or using personal information beyond the necessary scope of providing services, and forcing users to receive advertisements; (ii) requesting user's permission in a compulsory and frequent manner, or frequently launching third-parties apps; and (iii) deceiving and misleading users into downloading apps or providing personal information. The notice also sets forth the period for the regulatory specific inspection on apps, and provides that the MIIT will order the non-compliant entities to modify their business within five business days, or otherwise to make public announcement to remove the apps from the app stores and impose other administrative penalties.

The Civil Code of PRC, which was promulgated by the National People's Congress in May 2020 and became effective in January 2021, provides that:

(i) the personal information of a natural person shall be protected by law. Personal information shall refer to various types of information recorded electronically or otherwise that can identify a specific natural person either alone or in combination with other information, including the natural person's name, date of birth, identity document number, biometric information, residential address, phone number, email address, health information, and location information;

(ii) the processing of personal information shall include the collection, storage, use, processing, transmission, provision, and disclosure of personal information. The processing of personal information shall be carried out pursuant to the principles of lawfulness, appropriateness and necessity, and excessive processing shall not be allowed. In addition, the following conditions shall be satisfied: (a) the consent of the natural person who is the owner of the personal information or his/her guardian shall be obtained, unless otherwise prescribed by laws and administrative regulations; (b) the rules for information processing shall be made public; (c) the purposes, methods and scope of information processing shall be made public; and (d) the provisions of laws and administrative regulations and the agreements of both parties shall not be violated; and

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(iii) an information processor shall not divulge or tamper with the personal information it collects or stores; and, without the consent of a natural person, the information processor shall not illegally provide others with the personal information of the natural person, except for information that is rendered unrecoverable after processing and from which no specific individual may be identified.

An information processor shall take technical and other necessary measures to ensure the security of the personal information it collects and stores, and prevent information from being leaked, tampered with or lost; and, if personal information has been or may be leaked, tampered with or lost, the information processor shall take remedial measures in a timely manner, inform the natural persons concerned in accordance with relevant provisions, and report the situations to competent departments concerned.

On April 29, 2021, the Data Security Law (Second Draft for Review) was published to solicit public comments. The Data Security Law (Second Draft for Review) mainly sets forth specific provisions regarding establishing basic systems for data security management, including data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On April 29, 2021, the Standing Committee of the National People's Congress published the second draft of the Personal Information Protection Law for review, which sets a high bar for Chinese data protection, taking consent as basis for data processing, introducing restrictions on international data transfers and imposing revenue-based fines as the penalty for non-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.

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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 discretionary 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

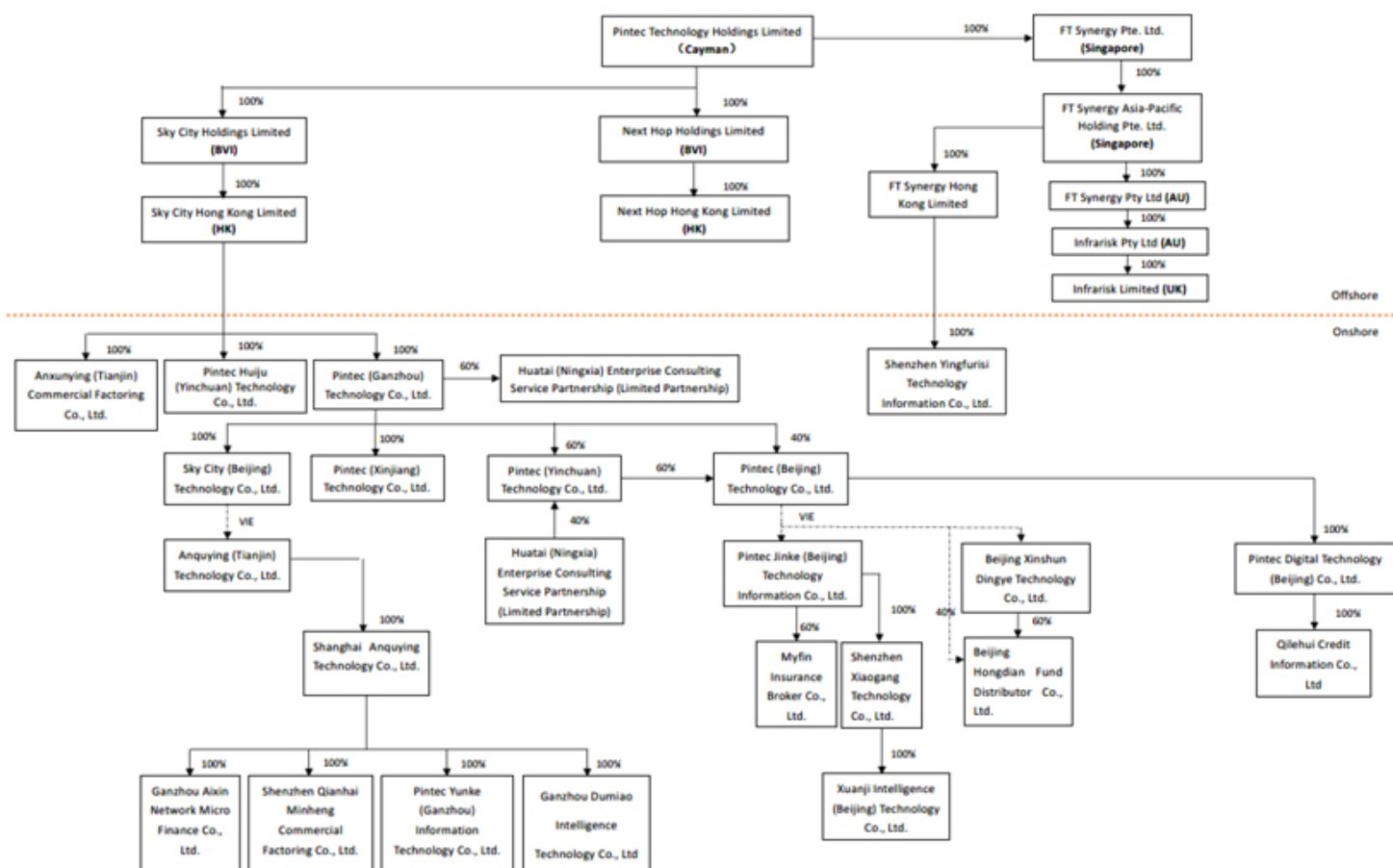
The Labor Law, originally promulgated by the National People's Congress in 1994 and most recently amended in December 2018, and the Labor Contract Law, originally promulgated by the Standing Committee of the National People's Congress in 2007, require employers to execute written employment contracts 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.

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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.

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.



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 our company 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, there used to be two of the directors on our board, namely, Mr. Jun Dong and Ms. Xiaomei Peng, who also sit on the board of Jimu Holdings Limited, until Ms. Xiaomei Peng resigned from the board of Jimu Holdings Limited and the board of our company in June 2020 and August 2020, respectively. 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. In February 2020, Jimu Group became insolvent and announced its exit from the online lending platform business pursuant to relevant regulations.

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 62%, 24%, and 4% of the outstanding loans facilitated through our platform as of December 31, 2018, 2019, and 2020, respectively. We did not have any further funding from Jimu Box since March 2020. 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.

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. In addition, 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. As of December 31, 2019, we had RMB866.0 million in amounts due from Jimu Group, including the amounts due under these loans, as compared to RMB4.5 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. The Renminbi-denominated loan matures on January 31, 2022. 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 as a result of Jimu Group's insolvency. As of December 31, 2019, we made a provision of RMB856.0 million for the amount due from Jimu Group. We made an additional provision of RMB7.8 million (US\$1.2 million) for the year ended December 31, 2020. See "Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group" for more details.

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.

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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 444 square meters. We lease our premises from unrelated third parties under operating lease agreements. The two leases will expire in June 2024 and June 2022, respectively. We also lease office space in Ganzhou, Jiangxi province, which will expire in December 2021. 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.

In December 2020, we purchase a commercial property with a total construction area of approximately 15,700 square meters located in Yinchuan, Ningxia province, China. The state-owned construction land use right in relation to this property will expire in April 2044. We have no intention to sell or lease it for the time being.

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. 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. 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. In 2018, 2019 and 2020, we processed approximately 15.4 million, 8.6 million, and 4.8 million loan applications, respectively, and facilitated a total of approximately RMB14.7 billion, RMB11.0 billion and RMB1.8 billion (US\$0.3 billion) in loans, respectively. Due to the continued effect from the difficult environment in the second half of 2018, our revenues decreased from RMB1,603.6 million in 2018 to RMB1,285.2 million in 2019, and further decreased to RMB378.3 million (US\$58.0 million) in 2020.

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 62%, 24%, and 4% of the outstanding loans facilitated through our platform as of December 31, 2018, 2019, and 2020, respectively. We did not have any further funding from Jimu Box since March 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 online consumer finance industry as a whole in comparison to more traditional forms of offline lending.

Impact of COVID-19

As a result of the COVID-19 pandemic and a series of challenges we encountered, including changes in market conditions, market regulations, external partners and management members, our loan volume in 2020 decreased by 83.2% compared with 2019. We have taken 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. Furthermore, in part in response to the challenges, we are now shifting our business focus by increasing the digital-centric services and substantially reducing our risk-sharing services.

The COVID-19 pandemic may also affect our business, financial condition and results of operations for the full year 2021 to some extent. Except for the impact discussed above, we do not anticipate any prolonged material adverse impact on our business, results of operations and financial condition from the COVID-19 pandemic. The government has gradually lifted the restrictions and other quarantine measures in China and economic activities have begun to recover and return to normal nationwide. We are nonetheless closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business, results of operations and financial condition. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19.”

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. One of the directors on our board, namely, Jun Dong, 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 and Combination.”

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 62%, 24%, and 4% of the outstanding loans facilitated through our platform as of December 31, 2018, 2019, and 2020, respectively. We did not have any further funding from Jimu Box since March 2020.

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.

As of December 31, 2019, we had RMB748.4 million in current amounts due from Jimu Group and RMB117.6 million in non-current amounts. 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 and made provisions accordingly. See “Item 7. Major Shareholders and Related Party Transactions—Transactions and Agreements with Jimu Group” for more details.

We have acted as a business counterparty with Jimu Group including loan borrower referrals and collection channel. For purpose of repayments to Jimu Box's online platform lenders, the repayments from borrowers in connection with the remaining loans funded by Jimu Box has been collected through us and repaid to Jimu Box's online lenders through custody bank account of Jimu Group. As the custody bank account of Jimu Group established for online lending platform business has been frozen following its insolvency and exit from online lending platform business in February 2020, in order to facilitate Jimu Box's platform unwinding plan, we entered into an agreement with Jimu Group, under which we are obligated to transfer principal and interest collected from the borrowers to the party designed by Jimu Group for purpose of Jimu Box's online borrowers repayment to lenders. In September 2020, we paid RMB100.0 million to the party designated by Jimu Group according to the agreement and plan to do so for all collected amount of related loans.

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. To address the market challenges, in 2019, we had credit risk for a higher proportion of our funding than we did at the time of our initial public offering. Starting from 2020, aligned with our strategic shift of business focus towards providing digital-centric services, we have gradually reduced a significant portion of our technical services using a risk-sharing model, leading to lower credit risk (without taking into account the impact of COVID-19).

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 ceased 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.

As of the date of this annual report, we have cooperated with two independent guarantee companies to provide credit enhancement services to the end users of our financial partners. In our cooperation with these independent guarantee companies, they will provide guarantees to the end users of our financial partners, but if they fail to perform their obligations to provide guarantees, we will provide supplementary guarantees to them. We currently do not expect to cooperate with additional independent guarantee companies due to our strategic shift of business focus towards providing digital-centric services and optimizing our product matrix and organizational structure.

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 and 2020, point-of-sale lending solutions were mainly funded through direct institutional funding arrangements, which resulted in the decrease in financing receivables.

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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 in 2019. As of December 31, 2020, we had ended the trust arrangement and recorded short-term financing receivables, net, of RMB70.8 million (US\$10.8 million) and long-term financing receivables, net, of RMB2.8 million (US\$0.4 million) primarily from our own fund.

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 RMB2.8 million (US\$0.4 million) and long-term funding debts of nil as of December 31, 2020.

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 RMB45.1 million (US\$6.9 million) for the year ended December 31, 2020.

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, 2020, the maximum potential future payment that we could be required to make would be RMB215.7 million (US\$33.1 million). We expect our financial guarantee liabilities to decrease in 2021 as we reduce the risk-sharing services and gradually cease 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, 2020.

	For the Year Ended December 31, 2020		
	RMB	US\$	%
	(in thousands)		
Point-of-sale installment loans	272,420	41,750	45.5%
Online consumer finance platform	—	—	—
Trusts and other structured finance*	25,939	3,975	4.3%
Non-structured direct funding	241,856	37,066	40.4%
Unsecured general loan and others*(1)	4,625	709	0.8%
Personal installment loans	297,869	45,651	49.8%
Online consumer finance platform	26,758	4,101	4.5%
Trusts and other structured finance*	—	—	—
Non-structured direct funding	222,033	34,028	37.1%
Unsecured general loan and others*(1)	49,078	7,522	8.2%
Business installment loans	28,299	4,338	4.7%
Online consumer finance platform	624	96	0.1%
Non-structured direct funding	27,652	4,238	4.6%
Unsecured general loan and others*(1)	23	4	0.0%
Total	598,588	91,739	100.0%

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- (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,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
Total revenues	1,603,631	1,285,236	378,264	57,971
Total amount of loans facilitated during the period	14,733,658	11,013,920	1,846,438	282,979
Point-of-sale installment loans	4,540,806	2,448,372	269,172	41,252
Personal installment loans	8,971,533	7,783,997	1,453,091	222,696
Business installment loans	1,221,319	781,551	124,175	19,031
Outstanding balance	5,803,034	3,301,896	589,744	90,382
Point-of-sale installment loans	1,423,618	850,038	263,576	40,395
On-balance sheet	492,603	149,033	30,564	4,684
Off-balance sheet	931,015	701,005	233,012	35,711
Personal installment loans	3,811,137	2,199,258	297,869	45,650
On-balance sheet	208,342	296,909	49,078	7,522
Off-balance sheet	3,602,795	1,902,349	248,791	38,129
Business installment loans	568,279	252,600	28,299	4,337
On-balance sheet	29,621	12,549	23	4
Off-balance sheet	538,658	240,051	28,276	4,333
Net income/(loss)	2,171	(906,490)	(296,140)	(45,385)
Adjusted net (loss)/income(1)	133,431	(888,643)	(284,242)	(43,562)
Total operating expenses	(507,639)	(1,243,983)	(299,329)	(45,874)
Adjusted operating expenses(1)	(376,379)	(1,226,136)	(287,431)	(44,050)

- (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,		
	2018	2019	2020
	(in thousands)		
Cumulative registered users as of the end of the period	31,404	39,086	42,758
Unique borrowers for the period(1)	2,542	1,673	278
Unique borrowers of point-of-sale installment loans	2,393	1,227	189
Unique borrowers of personal and business installment loans	669	471	90
Number of loans facilitated during the period	8,051	4,549	888
Number of point-of-sale installment loans facilitated	6,910	3,469	56
Number of personal and business installment loans facilitated	1,141	1,080	26

- (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,			
	2018	2019		2020
	RMB	RMB	RMB	US\$
	(in thousands)			
Total operating expenses	(507,639)	(1,243,983)	(299,329)	(45,874)
Add: share-based compensation expenses	131,260	17,848	11,898	1,824
Adjusted operating expenses	(376,379)	(1,226,135)	(287,431)	(44,050)
Net income/(loss)	2,171	(906,490)	(296,140)	(45,386)
Add: share-based compensation expenses	131,260	17,848	11,898	1,824
Adjusted net income/(loss)	133,431	(888,642)	(284,242)	(43,562)

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,					
	2018		2019		2020	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except percentages)					
Revenues:						
Technical service fees	1,297,758	80.9	1,077,760	83.8	330,665	50,676
Installment service fees	291,077	18.2	187,359	14.6	42,707	6,545
Wealth management service fees and others	14,796	0.9	20,117	1.6	4,892	750
Total revenues	1,603,631	100.0	1,285,236	100.0	378,264	57,971

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 1.6%, 37.8% and 41.9% of our technical service fees for the years ended December 31, 2018, 2019 and 2020, respectively.

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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,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Cost of revenues:							
Funding cost	(161,384)	(10.1)	(51,759)	(4.0)	(16,525)	(2,533)	(4.4)
Provision for credit losses	(70,411)	(4.4)	(33,942)	(2.6)	(45,090)	(6,910)	(11.9)
Origination and servicing cost	(323,342)	(20.2)	(290,398)	(22.6)	(100,760)	(15,442)	(26.6)
Cost on guarantee	—	—	(193,426)	(15.0)	(100,347)	(15,379)	(26.5)
Service cost charged by the related party	(529,593)	(33.0)	(200,163)	(15.6)	(23,052)	(3,533)	(6.1)
Cost of revenues	(1,084,730)	(67.7)	(769,688)	(59.8)	(285,774)	(43,797)	(75.5)

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						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Total revenues	1,603,631	100.0	1,285,236	100.0	378,264	57,971	100.0
Cost of revenues	(1,084,730)	(67.7)	(769,688)	(59.8)	(285,774)	(43,797)	(75.5)
Gross profit	518,901	32.3	515,548	40.2	92,490	14,174	24.5

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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. 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. Our gross margin decreased to 24.5% for the year ended December 31, 2020, primarily because we gradually ceased the high margin risk-sharing loan facilitation business in 2020 in the process of our strategic shift, leading to the decrease in cost being outpaced by the decrease in revenues.

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.

	2018		For the Year Ended December 31,				
	RMB	%	2019		2020		
			RMB	%	RMB	US\$	%
(in thousands, except percentages)							
Operating expenses:							
Sales and marketing expenses	(99,671)	(6.2)	(69,593)	(5.4)	(44,697)	(6,850)	(11.8)
General and administrative expenses	(312,979)	(19.5)	(1,095,311)	(85.2)	(147,753)	(22,644)	(39.1)
Research and development expenses	(94,989)	(5.9)	(79,079)	(6.2)	(37,521)	(5,750)	(9.9)
Impairment loss of goodwill and intangible assets	—	—	—	—	(69,358)	(10,630)	(18.3)
Total operating expenses	(507,639)	(31.6)	(1,243,983)	(96.8)	(299,329)	(45,874)	(79.1)

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 2019 as we reduced the size of our sales team. Our sales and marketing expenses increased as a percentage of our total revenues in 2020, primarily due to a decrease in our total revenues while the percentage of our manpower investment in sales and marketing remained relatively stable, such that our total revenues decreased at a greater pace compared to our sales and marketing expenses.

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 2018, 2019 and 2020 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. 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. In 2020, our general and administrative expenses decreased, primarily due to a decrease in bad debt provision expense related to loans due from Jimu Group, as well as decreases in staff cost due to personnel structure optimization and in professional expense due to decreased consulting expense.

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 remained steady in 2019 and increased as a percentage of our total revenues in 2020, primarily due to a decrease in our total revenues while the percentage of our manpower investment in research and development remained relatively stable, such that our total revenues decreased at a greater pace compared to our research and development expenses.

Impairment loss of goodwill and intangible assets

We recorded impairment loss of goodwill of RMB37.6 million (US\$5.7 million) in 2020, and impairment loss of intangible assets of RMB31.8 million (US\$4.9 million) associated with a license to operate small loan businesses owned by Ganzhou Aixin Micro Finance in the same year, considering the tightening regulation and changing market environment.

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,					
	2018		2019		2020	
	RMB	%	RMB	%	RMB	US\$
(in thousands, except percentages)						
Summary Consolidated Statements of Comprehensive						
(Loss) /Income Data:						
Revenues:						
Technical service fees	1,297,758	80.9	1,077,760	83.8	330,665	50,676
Installment service fees	291,077	18.2	187,359	14.6	42,707	6,545
Wealth management service fees and others	14,796	0.9	20,117	1.6	4,892	750
Total revenues	1,603,631	100.0	1,285,236	100.0	378,264	57,971
Cost of revenues:						
Funding cost	(161,384)	(10.1)	(51,759)	(4.0)	(16,525)	(2,533)
Provision for credit losses	(70,411)	(4.4)	(33,942)	(2.6)	(45,090)	(6,910)
Origination and servicing cost	(323,342)	(20.2)	(290,398)	(22.6)	(100,760)	(15,442)
Cost on guarantee	—	—	(193,426)	(15.0)	(100,347)	(15,379)
Service cost charged by the related party	(529,593)	(33.0)	(200,163)	(15.6)	(23,052)	(3,533)
Cost of revenues	(1,084,730)	(67.7)	(769,688)	(59.8)	(285,774)	(43,797)
Gross profit	518,901	32.3	515,548	40.2	92,490	14,174
Operating expenses:						
Sales and marketing expenses	(99,671)	(6.2)	(69,593)	(5.4)	(44,697)	(6,850)
General and administrative expenses	(312,979)	(19.5)	(1,095,311)	(85.2)	(147,753)	(22,644)
Research and development expenses	(94,989)	(5.9)	(79,079)	(6.2)	(37,521)	(5,750)
Impairment loss of goodwill and intangible assets	—	—	—	—	(69,358)	(10,630)
Total operating expenses	(507,639)	(31.6)	(1,243,983)	(96.8)	(299,329)	(45,874)

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	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	
	(in thousands, except percentages)						
Operating income/(loss)	11,262	0.7	(728,435)	(56.6)	(206,839)	(31,700)	(54.7)
Change in fair value of convertible loans	(9,552)	(0.6)	—	—	—	—	—
Loss from equity method investments	(2,652)	(0.2)	(8,149)	(0.6)	(11,523)	(1,766)	(3.0)
Impairment on prepayment for long-term investment	—	—	(200,000)	(15.6)	—	—	—
Impairment loss on equity investment	—	—	—	—	(15,908)	(2,438)	(4.2)
Other income/(expense), net	8,822	0.6	(11,094)	(0.9)	(12,674)	(1,942)	(3.4)
Interest income from related parties	—	—	43,156	3.4	—	—	—
Income/(loss) before income tax expense	7,880	0.5	(904,522)	(70.3)	(246,944)	(37,846)	(65.3)
Income tax expense	(5,709)	(0.4)	(1,968)	(0.2)	(49,196)	(7,540)	(13.0)
Net income/(loss)	2,171	0.1	(906,490)	(70.5)	(296,140)	(45,386)	(78.3)
Other comprehensive income/(loss)	30,173	1.9	11,876	0.9	(22,977)	(3,521)	(6.1)
Total comprehensive income/(loss)	32,344	2.0	(894,614)	(69.6)	(319,117)	(48,907)	(84.4)

Year ended December 31, 2020 compared with year ended December 31, 2019

Revenues

Our total revenue decreased by 70.6% from RMB1,285.2 million in the year ended December 31, 2019 to RMB378.3 million (US\$58.0 million) in the year ended December 31, 2020. This decrease was driven primarily by a decrease in total loan volume from RMB11.0 billion in 2019 to RMB1.8 billion (US\$0.3 billion) in 2020.

Technical service fees. Technical service fees decreased by 69.3% from RMB1,077.8 million in the year ended December 31, 2019 to RMB330.7 million (US\$50.7 million) in the year ended December 31, 2020, primarily due to a decrease in the off-balance sheet loan transactions from RMB8.9 billion in the year ended December 31, 2019 to RMB1.5 billion (US\$0.2 billion) in the year ended December 31, 2020 as we shifted business focus towards providing digital-centric services and reduced a significant portion of our technical services using a risk-sharing model.

Installment service fees. Installment service fees decreased by 77.2% from RMB187.4 million in the year ended December 31, 2019 to RMB42.7 million (US\$6.5 million) in the year ended December 31, 2020. The decrease in revenues from installment service fees in 2020 was due to a decrease in on-balance sheet installment loans volume.

Wealth management service fees and others. Wealth management service fees and others decreased by 75.7% from RMB20.1 million in the year ended December 31, 2019 to RMB4.9 million (US\$0.8 million) in the year ended December 31, 2020. The decrease was primarily due to our transition from a business model depending upon cross-selling through retail credit channels to a more market-oriented model, which resulted in a decline in prior service offering.

Cost of revenues

Cost of revenues decreased by 62.9% from RMB769.7 million in the year ended December 31, 2019 to RMB285.8 million (US\$43.8 million) in the year ended December 31, 2020.

Funding cost. Funding cost, consisting primarily of interest expenses, decreased by 68.1% from RMB51.8 million in the year ended December 31, 2019 to RMB16.5 million (US\$2.5 million) in the year ended December 31, 2020. This decrease reflected the lower volume of our on-balance sheet loans.

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Provision for credit losses. Provision for credit losses increased by 32.8% from RMB33.9 million in the year ended December 31, 2019 to RMB45.1 million (US\$6.9 million) in the year ended December 31, 2020. The increase in provision for credit losses was primarily attributable to an increase in delinquency rate in the stock of loans provided to online travel websites and other e-commerce websites in the first quarter of 2020 caused by the COVID-19 outbreak.

Origination and servicing cost. Origination and servicing cost decreased by 65.3% from RMB290.4 million in the year ended December 31, 2019 to RMB100.8 million (US\$15.4 million) in the year ended December 31, 2020, primarily due to reduced user acquisition costs as a result of decrease in loan volume facilitated.

Cost on guarantee. Cost on guarantee decreased by 48.1% from RMB193.4 million in the year ended December 31, 2019 to RMB100.3 million (US\$15.4 million) in the year ended December 31, 2020, as we purposely and gradually terminated guarantees in 2020 in order to refine the overall quality of our off-balance sheet loans.

Service cost charged by the related party. Service cost charged by the related party decreased by 88.5% from RMB200.2 million in the year ended December 31, 2019 to RMB23.1 million (US\$3.5 million) in the year ended December 31, 2020, primarily because we ceased our cooperation model with Jimu Group under which Jimu Group used to provide credit enhancement for the borrowers since the beginning of 2019, resulting in a further decrease in the loan balance and related costs under such model in 2020.

Gross profit

Our gross profit decreased by 82.1% from RMB515.5 million in the year ended December 31, 2019 to RMB92.5 million (US\$14.2 million) in the year ended December 31, 2020. We had a gross margin of 40.2% in the year ended December 31, 2019 and 24.5% in the year ended December 31, 2020. Our gross margin decreased as the decline in our cost of revenues was outpaced by the decline in our total revenues on a percentage basis as our fixed cost remained relatively stable.

Total operating expenses

Total operating expenses decreased by 75.9% from RMB1,244.0 million in the year ended December 31, 2019 to RMB299.3 million (US\$45.9 million) in the year ended December 31, 2020, mainly due to a decrease in general and administrative expense.

Sales and marketing expenses. Sales and marketing expenses decreased by 35.8% from RMB69.6 million in the year ended December 31, 2019 to RMB44.7 million (US\$6.9 million) in the year ended December 31, 2020. This decrease was the result of decreases in (i) promotion expense of RMB14.3 million (US\$2.2 million) due to a reduction of online advertisement expenditure and (ii) staff cost of RMB8.8 million (US\$1.3 million) due to adjustment of the employee structure as part of our business transformation.

General and administrative expenses. General and administrative expenses decreased by 86.5% from RMB1,095.3 million in the year ended December 31, 2019 to RMB147.8 million (US\$22.6 million) in the year ended December 31, 2020, primarily due to decreases in (i) bad debt expenses of RMB921.2 million (US\$141.2 million) related to a decrease in loans due from Jimu Group from RMB890.7 million in 2019 to RMB7.8 million (US\$1.2 million) in 2020, (ii) staff cost of RMB21.2 million (US\$3.2 million) due to personnel structure optimization, and (iii) professional expense of RMB10.7 million (US\$1.6 million) due to decreased consulting expense.

Research and development expenses. Research and development expenses decreased by 52.6% from RMB79.1 million in the year ended December 31, 2019 to RMB37.5 million (US\$5.8 million) in the year ended in December 31, 2020, primarily due to a decrease of RMB34.1 million (US\$5.2 million) in staff cost due to the personnel structure optimization as part of our business transformation.

Impairment loss of goodwill and intangible assets. We recorded impairment loss of goodwill and intangible assets of RMB69.4 million (US\$10.6 million) in 2020, primarily attributable to impairment loss of goodwill of RMB37.6 million (US\$5.7 million) and impairment loss of intangible assets of RMB31.8 million (US\$4.9 million) associated with a license to operate small loan businesses owned by Ganzhou Aixin Micro Finance considering the tightening regulation and changing market environment.

Net Loss

We had net loss of RMB296.1 million (US\$45.4 million) in the year ended December 31, 2020 as a result of the above, as compared to a net loss of RMB906.5 million in the year ended December 31, 2019.

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.

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 the related party. Service cost charged by the related party 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 Group changed from a model where Jimu Group 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.

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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.

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, 2018, 2019, and 2020. 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 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.

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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 2018, 2019 and 2020 were increases of 1.9%, 4.5% and 0.2%, 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, its subsidiaries, the variable interest entities for which we are the ultimate primary beneficiary, and subsidiaries of the variable interest entities. All significant inter-company transactions and balances between Pintec Technology Holdings Limited, its wholly owned subsidiaries and the variable interest entities have been eliminated upon consolidation.

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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,		
	2019	2020	
	RMB	RMB	US\$
	(in thousands)		
Total assets	931,287	440,444	67,501
Total liabilities	1,135,535	476,397	73,011

	As of December 31,			
	2018	2019		2020
	RMB	RMB	RMB	US\$
	(in thousands)			
Total revenues	1,601,037	1,272,943	352,604	54,039
Net income/(loss)	322,605	(520,791)	(111,765)	(17,129)

	As of December 31,			
	2018	2019		2020
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	470,404	404,851	128,547	19,701
Net cash provided by/(used in) investing activities	859,941	(165,957)	289,956	44,438
Net cash (used in)/provided by financing activities	(961,263)	86,906	(666,659)	(102,170)

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 common 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.

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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) a lending solution that assists borrowers to obtain loans from third party investors and certain financial partners. We provide lending solutions but do not provide loans by ourselves. For these services, we earn technical service fees; (ii) a lending solution for borrowers who want to finance their online purchases from third parties, or Business Partners, or who have personal or business installment loan requests. We provide financing for these borrowers and earn installment service fees (including interests); (iii) a 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 fees 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, which are contingent fees and 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.

Revenue recognition under ASC topic 605 ("ASC 605"), "Revenue Recognition in the Year Ended December 31, 2018"

Revenue is recognized when all of the following conditions are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the price is fixed or determinable; and (iv) 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, 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 and 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 income/(loss).

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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 consist of commission fees charged from 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.

Revenue recognition under of ASC 606, "Revenue from contracts with Customers" in Years Ended December 31, 2019 and 2020

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 at fair value in accordance with ASC 460, Guarantees. Revenue from the guarantee service is recognized once 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 to borrowers, we recognize revenue during the service period. For technical service fees charged to 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, as 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.

Contract assets

We have no other contract assets except for accounts receivable in RMB74.3 million and RMB51.0 million as of December 31, 2019 and 2020, respectively.

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 years ended December 31, 2019 and 2020 that was previously included in the contract liabilities balance as of December 31, 2018 and 2019 was RMB119.7 million and RMB66.6 million.

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

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 had provided guarantee to individual investors for loans that we had referred and funded through Jimu Group before December 2019 and Jimu Group announced its exit from the online lending platform business in February 2020. 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 relieved, it is recognized into the consolidated statements of operation and comprehensive income/(loss) 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, 2018, 2019 and 2020, revenues recognized related to releasing of guarantee liabilities were RMB21.4 million, RMB407.4 million and RMB138.5 million, 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 income/(loss).

As of December 31, 2019 and 2020, the maximum potential future payment we could be required to make would be RMB983.2 million and RMB215.7 million, respectively.

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Financial guarantee assets

Financial guarantee assets are 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 are reduced upon the receipt of the service fee payment from the borrowers and financial partners.

We assess the realization of the financial guarantee assets collectively depending on factors such as delinquency rate, size, and other risk characteristics of the portfolio and records an allowance for amounts that it estimates will not be realized. For the years ended December 31, 2018, and 2019, we recorded the expense of nil and RMB12.5 million, respectively. For the year ended December 31, 2020, we recorded a reversal of RMB8.1 million in the statement of operations and comprehensive income/(loss).

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 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 income/(loss) in the period of the enactment of the change.

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. 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.

Valuation allowances

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, 2020, we provided a full valuation allowance of RMB242.6 million for the deferred tax assets of Shanghai Anquying, the net income of which dropped significantly during the year ended December 31, 2020, and the Group consider it more likely than not that Shanghai Anquying could not generate sufficient pre-tax profit in the next five consecutive years and the deferred tax assets will not be utilized in the future.

As of December 31, 2020, we had net operating loss carryforwards of approximately RMB222.7 million. As of December 31, 2020, the net operating loss carryforwards of RMB7.7 million, RMB33.5 million, RMB58.4 million, RMB58.0 million and RMB65.1 million will expire, if unused, by 2021, 2022, 2023, 2024 and 2025, respectively.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2(ff) 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,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
(in thousands)				
Summary Consolidated Cash Flows Data:				
Net cash provided by operating activities	231,908	175,079	56,963	8,730
Net cash provided by/(used in) investing activities	280,595	(538,702)	192,619	29,521
Net cash (used in)/ provided by financing activities	(200,085)	224,372	(286,639)	(43,929)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	21,732	10,114	(21,503)	(3,297)
Net increase/(decrease) in cash, cash equivalents and restricted cash	334,150	(129,137)	(58,560)	(8,975)
Cash, cash equivalents and restricted cash at beginning of the year	375,891	710,041	580,904	89,028
Including:				
Cash and cash equivalents at beginning of the year	370,891	457,442	102,755	15,748
Restricted cash at beginning of the year	5,000	252,599	382,695	58,651
Non-current restricted time deposits at beginning of the year	—	—	95,454	14,629
Cash, cash equivalents and restricted cash at end of the year	710,041	580,904	522,344	80,053
Including:				
Cash and cash equivalents at end of the year	457,442	102,755	377,160	57,802
Restricted cash at end of the year	252,599	382,695	137,220	21,030
Non-current restricted time deposits at end of the year	—	95,454	7,964	1,221

As of December 31, 2020, we had RMB377.2 million (US\$57.8 million) in cash and cash equivalents, of which RMB358.6 million (US\$55.0 million) was denominated in Renminbi and held at banks in China and US\$2.6 million was denominated in U.S. dollars and held at banks located in or outside of China. As of the same date, RMB173.2 million (US\$26.5 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 RMB564.0 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."

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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 RMB100.0 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 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 in current amounts due from Jimu Group and RMB117.6 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. As of December 31, 2019, we made a provision of RMB856.0 million for the amount due from Jimu Group. We made an additional provision of RMB7.8 million (US\$1.2 million) for the year ended December 31, 2020.

In October 2020, we entered into certain equity transfer agreements with Ningxia Fengyin to acquire all equity interests in Chuanxi Technology, with a total consideration of RMB400.0 million (US\$61.3 million). Pursuant to the agreements, we issued a warrant to an entity designated by Ningxia Fengyin to purchase, in a private placement, up to 320,036,576 of our Class A ordinary shares at par value US\$0.000125 per share. The warrant is exercisable immediately and will expire on the third anniversary of the closing date, i.e., October 22, 2020. If the warrant is exercised before its expiration date, we will be released from the obligation of paying the corresponding portion of the consideration. The un-released portion of the debt bears an annual interest rate of 8.75%, and the interest is payable quarterly. By closing the acquisition on the closing date, we obtained control over Chuanxi Technology, which has no operations, as well as RMB400.0 million (US\$61.3 million) in its bank account. To secure the debt due to Ningxia Fengyin, on December 2, 2020, we pledged 100% of the equity interest of Ganzhou Aixin Micro Finance to Ningxia Fengyin. In November 2020, we paid transaction service fee of RMB4.0 million to Guangdong Huawei Industry Group Co., Ltd., one of our related parties, as agreed. Since the warrant is not detachable from the debt and is not a derivative, and no cash conversion features and beneficial conversion features are contained in the instrument, the debt and the warrant were accounted together as a liability equal to the proceeds received in entirety. Such acquisition to obtain cash in the amount of RMB400.0 million is in substance an issuance of a convertible debt with a principal of RMB400.0 million for a term of three years at an annual interest rate of 8.75% that is convertible to our Class A ordinary shares.

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. To address the market challenges, in 2019, we had credit risk for a higher proportion of our funding than we did at the time of our initial public offering. Starting from 2020, aligned with our strategic shift of business focus towards providing digital-centric services, we have gradually reduced a significant portion of our technical services using a risk-sharing model, leading to lower credit risk (without taking into account the impact of COVID-19). We may require additional financing to continue to expand our operations.

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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, 2020 was RMB57.0 million (US\$8.7 million), as compared to a net loss of RMB296.1 million (US\$45.4 million). The difference between our net loss and our net cash provided by operating activities was primarily attributable to non-cash adjusting items including RMB69.4 million (US\$10.6 million) in impairment loss of goodwill and intangible assets, RMB15.9 million (US\$2.4 million) in impairment on equity-method investment, RMB51.0 million (US\$7.8 million) in provision for doubtful accounts, RMB46.9 million (US\$7.2 million) in deferred income tax and credit losses and RMB18.9 million (US\$2.9 million) in accretion of debt instrument, and an increase of RMB261.2 million (US\$40.0 million) in amounts due to related parties, a decrease of RMB83.8 million (US\$12.8 million) in financial guarantee assets and a decrease of RMB17.2 million (US\$2.6 million) in accounts receivable, partially offset by a decrease of RMB91.1 million (US\$14.0 million) in accrued expenses and other liabilities, a decrease of RMB81.7 million (US\$12.5 million) in financial guarantee liabilities, a decrease of RMB47.4 million (US\$7.3 million) in accounts payable, a decrease of RMB22.2 million (US\$3.4 million) in short-term and long-term funding debts and a decrease of RMB12.8 million (US\$2.0 million) in tax payable. Our amounts due to related parties mainly arose from collecting principal and interests from borrowers on behalf of 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, 2019 was RMB175.1 million, as compared to a net loss of RMB906.5 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 in provision for doubtful accounts and credit losses and RMB200.0 million in impairment of prepayment of long-term investment, and a decrease of RMB112.5 million in financing receivables, an increase of RMB86.4 million in financial guarantee liabilities and a decrease of RMB83.0 million in amounts due from related parties, partially offset by a decrease of RMB172.8 million in short-term and long-term funding debts, an increase of RMB86.9 million in financial guarantee assets, a decrease of RMB63.7 million in accrued expenses and other liabilities, an increase of RMB49.8 million in accounts receivable and a decrease of RMB30.5 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.”

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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 and 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.”

Investing Activities

Net cash provided by investing activities for the year ended December 31, 2020 was RMB192.6 million (US\$29.5 million), consisting primarily of RMB691.7 million (US\$106.0 million) in collection of principal on financing receivables and RMB40.0 million (US\$6.1 million) in collection of loan from Jimu Group, partially offset by RMB361.0 million (US\$55.3 million) in financing receivables facilitated, RMB97.8 million (US\$15.0 million) in purchase of property, equipment and software, RMB41.5 million (US\$6.4 million) in purchase of long-term investments and RMB40.0 million (US\$6.1 million) in loans provided to 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 used in investing activities for the year ended December 31, 2019 was RMB538.7 million, consisting primarily of RMB1,988.9 million in financing receivables facilitated, RMB697.8 million in net cash advance to Jimu Group, RMB200.0 million in prepayment for long-term investment, RMB137.0 million in loans provided to Jimu Group and RMB91.5 million in purchase of long-term investment, partially offset by RMB2,313.2 million in principal collection on financing receivables, RMB135.3 million in loan collection from a third party and RMB122.0 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.

Financing Activities

Net cash used in financing activities for the year ended December 31, 2020 was RMB286.6 million (US\$43.9 million), consisting primarily of RMB320.0 million (US\$49.0 million) in repayment of borrowings, RMB296.7 million (US\$45.5 million) in principal repayment on funding debts, RMB100.0 million (US\$15.3 million) in repayment of debt instrument and RMB20 million (US\$3.1 million) in repayment of notes payable, partially offset by RMB400.0 million (US\$61.3 million) in proceeds from issuance of convertible loan and RMB50.0 million (US\$7.7 million) in proceeds from borrowings.

Net cash provided by financing activities for the year ended December 31, 2019 was RMB224.4 million, consisting primarily of proceeds from funding debts of RMB682.1 million, partially offset by principal payment on funding debts of RMB904.1 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 offset by principal repayment on borrowings of RMB315.0 million, investment from non-controlling interest of RMB170.2 million, and proceeds of RMB100.0 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 as well as our initial public offering and followed offering, respectively. We also had proceeds of RMB288.1 million from short-term and long-term bank borrowings and RMB151.0 million loan from a shareholder, offset by RMB68.1 million in repayment of short-term and long-term borrowings.

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 RMB4.1 million in 2018, RMB10.0 million in 2019 and RMB97.8 million (US\$15.0 million) in 2020. 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, 2020 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 and 2020 was RMB83.4 million and RMB43.2 million (US\$6.6 million), respectively, and release of financial guarantee liabilities in 2019 and 2020 was RMB51.4 million and RMB38.8 million (US\$5.9 million), respectively. Guotou Micro Lending Company provided approximately 17.4% and 13.2% of the total funding for the loans we facilitated in 2019 and 2020, respectively.

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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 62%, 24%, and 4% of the outstanding loans as of December 31, 2018, 2019, and 2020, respectively. Funding from Jimu Box decreased significantly in 2019. Funding from Jimu Box has further decreased since Jimu Group announced its exit from the online lending platform business in February 2020. We did not have any further funding from Jimu Box since March 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, 2020:

	<u>Less than 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>More than 3 years</u>	<u>Total</u>
Office rental	10,926	15,556	14,456	7,228	48,166

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, 2020.

G. Safe Harbor

See "Forward-Looking Information" on page 3 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.

<u>Directors and Executive Officers*</u>	<u>Age</u>	<u>Position/Title</u>
Victor Huike Li	48	Director and Chief Executive Officer
Jun Dong	44	Chairman of the Board of Directors
Wei Wei	47	Director
Zehua Shi	39	Director
Jimin Zhuo	48	Independent Director
Yong Chen	45	Independent Director
Xueping Ning	45	Independent Director
Steven Yuan Ning Sim	44	Chief Financial Officer

* Mr. Jiacheng Liu ceased to be our director on January 19, 2021.

Dr. Victor Huike Li has joined served as our director and chief executive officer since August 2020. Dr. Li joined us in 2019 subsequent to the acquisition of InfraRisk. Dr. Li first served as head of international business and then as executive vice president for us prior to his current roles. Dr. Li is a serial entrepreneur and IT industry veteran, with more than 20 years of experience in building and commercializing cutting-edge technologies. Prior to joining us, Dr. Li had served multiple senior executive positions in both China and Australia, accumulating a comprehensive set of industry experiences in such areas as R&D, consulting, business development, and management. Dr. Li was the founder and CEO of VanceInfo Technologies Australia Inc., wherein he established the first China-based IT services firm in Australia and drove its expansion across the Asia-Pacific region. Dr. Li was also the co-founder of InfraRisk, a leading supplier of credit management solutions in Australia. Dr. Li received his bachelor's and master's degrees in electrical engineering from the Beijing Institute of Technology, and his Ph.D. in computer science from University of Melbourne.

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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. Mr. Dong resigned from his position as our acting chief executive officer in August 2020 as a result of Dr. Li's appointment. 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 Manager certifications.

Mr. Wei Wei has served as our director since our inception. Mr. Wei served as our chief executive officer since our inception and resigned in August 2020. 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. Zehua Shi has served as our director since May 2020. Mr. Shi has served as the chairman of the board of directors for Guangdong HMM 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 HMM 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 independent 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.

Ms. Xueping Ning has served as our independent director since January 2021. Ms. Ning has served as an associate professor and master's supervisor at the School of Accounting of Shanghai University of International Business and Economics since August 2013. Ms. Ning has also served as a deputy director in the coordination branch of the Construction Office for Promoting Shanghai into a Science and Innovation Center since March 2020. From November 2009 to August 2013, Ms. Ning served as a lecturer and associate professor at the School of Finance of Shanghai Lixin University of Accounting and Finance. Ms. Ning received her Ph.D. in industrial economics from Xi'an Jiaotong University in September 2009 and completed her postdoctoral research at Chinese Academy of Social Sciences in June 2016.

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Mr. Steven Yuan Ning Sim has served as our chief financial officer since October 2016. Mr. Sim has also served as an independent director of Skillful Craftsman Education Technology Limited (Nasdaq: EDTK), a provider of online education and technology services in China, since March 2021. 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).

B. Compensation

For the year ended December 31, 2020, we paid an aggregate of approximately RMB3.5 million (US\$0.5 million) in cash and benefits to our executive officers. We paid our non-executive directors an aggregate of RMB0.8 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 4,372,305 remained outstanding as of March 31, 2021. 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 March 31, 2021, options to purchase a total of 5,619,453 ordinary shares were granted and outstanding under our Second Plan, and options to purchase an additional 12,161,782 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.

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The following table summarizes, as of March 31, 2021, the options issued under our share incentive plans to our directors, executive officers and other grantees.

<u>Name</u>	<u>Ordinary Shares Underlying Options Awarded</u>	<u>Exercise Price (\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Steven Yuan Ning Sim	*	0.4242857143	June 28, 2019	June 28, 2029
	*	nil	June 28, 2019	June 28, 2029
	*	0.142857143	March 1, 2020	March 1, 2030
Jun Dong	*	0.000125	July 1, 2018	July 1, 2028
All Directors and Executive Officers as a Group	<u>3,060,000</u>			

* 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 Mr. Jimin Zhuo, Mr. Yong Chen and Ms. Xueping Ning, and is chaired by Mr. Zhuo. Mr. Zhuo, Mr. Chen and Ms. Ning each satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and meets 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.

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Compensation Committee. Our compensation committee consists of Mr. Jimin Zhuo, Mr. Yong Chen and Ms. Xueping Ning, and is chaired by Mr. Chen. Mr. Zhuo, Mr. Chen and Ms. Ning each satisfies the “independence” requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and meets 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, 2020, we had 157 employees, which included 135 in Beijing, 16 in Shanghai, 4 in Ganzhou, and 2 in Singapore. The following table sets forth the numbers of our employees categorized by function as of December 31, 2020.

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	As of December 31, 2020	
	Number	% of Total Employees
Functions:		
Research and development	54	34%
Risk management	13	8%
Products development and operations	27	17%
Business Development	4	3%
Marketing	11	7%
General and administrative	48	31%
Total number of employees	157	100%

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.

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 March 31, 2021 by:

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

The calculations in the table below are based on 303,351,231 ordinary shares outstanding as of March 31, 2021, comprising of (i) 252,411,711 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. These shares, however, are not included in the computation of the percentage ownership of any other person.

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:*					
Victor Huike Li	—	—	—	—	—
Jun Dong(1)	1,560,000	28,829,829	30,389,829	10.0	42.6
Wei Wei(2)	—	15,698,914	15,698,914	5.2	23.2
Zehua Shi(3)	—	—	—	—	—
Yong Chen(4)	—	—	—	—	—
Xueping Ning(5)	—	—	—	—	—
Jimin Zhuo(6)	—	—	—	—	—
Jiacheng Liu(7)	—	—	—	—	—
Steven Yuan Ning Sim(8)	**	—	**	**	**
All directors and executive officers as a group	2,809,991	44,528,743	47,338,734	15.5	65.8
Principal Shareholders:					
Otov Alfa Holding Limited(9)	320,036,576	—	320,036,576	51.3	23.9

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	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	% of Beneficial Ownership	% of Aggregate Voting Power†
Beansprout Ltd.(10)	46,217,597	—	46,217,597	13.2	4.3
Flamel Enterprises Ltd.(1)	—	18,448,795	18,448,795	6.1	27.2
New Fortune Fund L.P.(11)	18,201,422	—	18,201,422	6.0	1.8
Ventech China II SICAR(12)	17,679,421	—	17,679,421	5.8	1.7
Xiaomi Ventures Limited(13)	16,956,487	—	16,956,487	5.6	1.7
Wise Plus Limited(2)	—	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. Jun Dong, Mr. Zehua Shi, Mr. Yong Chen, Mr. Jimin Zhuo and Ms. Xueping Ning, 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 (i) 18,448,795 Class B ordinary shares directly held by Flamel Enterprises Ltd, (ii) 10,381,034 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.
- (2) 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.
- (3) The business address of Mr. Zehua Shi is 163 Yinwan Rd., Zhuhai Center 17th Floor, Zhuhai, Guangdong Province, PRC.
- (4) The business address of Mr. Yong Chen is 18/F Dihao Building, Binhai Avenue, Longhua District, Haikou, Hainan Province, PRC.
- (5) The business address of Ms. Xueping Ning is No.21 Lane 1118, Kangqiao Road, Pudong New Area, Shanghai, PRC.
- (6) The business address of Mr. Jimin Zhuo is Room 1405, Building 5A, Jiulong Garden, Chaoyang, Beijing, PRC.
- (7) Mr. Jiacheng Liu ceased to be our director on January 19, 2021.
- (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) Represents up to 320,036,576 Class A ordinary shares upon full exercise of a warrant held by Otov Alfa Holdings Limited, pursuant to a warrant entered into between the Issuer and Otov Alfa Holdings Limited. As of the date of this annual report, Otov Alfa Holdings Limited has not exercised any part of the warrant and does not hold our ordinary shares of record.

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- (10) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 10, 2021. Represents (i) 1,084,986 Class A ordinary shares held by Mandra iBase Limited, a company incorporated under the laws of British Virgin Islands, 15,895,950 Class A ordinary shares in the form of 2,270,850 ADSs held by Mandra iBase Limited, and approximately 26,417,753 Class A ordinary shares which may be purchased by Mandra iBase Limited through the exercise of a warrant pursuant to a warrant agreement entered into between Mandra iBase Limited and us, (ii) 1 Class A ordinary share directly held by Woo Foong Hong Limited, and (iii) 2,818,907 Class A ordinary shares in the form of 402,701 ADSs held by Mandra Mirabilite 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.
- (11) 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.
- (12) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on January 24, 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.
- (13) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 1, 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 March 31, 2021, a total of 217,693,819 Class A ordinary shares, representing approximately 71.8% 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 depository 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 (i) 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 (ii) 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

We and Jimu Group have a high degree of overlap in shareholders, and we and Jimu Group's holding company share two board members until August 2020. 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 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 as of December 31, 2018. We made additional cash advances to Jimu Group in 2019 as well, totaling RMB697.8 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 second loan agreement was denominated in Renminbi and had a principal amount of RMB294.9 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, representing an additional RMB391.3 million of cash that we advanced to Jimu Group between January 1, 2019, and April 30, 2019, minus RMB165.3 million of deposits due from us under the information service cooperation agreement relating to the same period, RMB161.3 million in asset management service fees and other fees collected by us for Jimu Group during the same period and RMB230.0 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, representing an additional RMB58.6 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 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, 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. As of December 31, 2019, we had RMB866.0 million in amounts due from Jimu Group, including the amounts due under these loans, as compared to RMB4.5 million in amounts due to Jimu Group. Jimu Group failed to repay the amount due under the U.S. dollar-denominated loan by the maturity date. 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. As of December 31, 2019, we made a provision of RMB856.0 million for the amount due from Jimu Group. We made an additional provision of RMB7.8 million (US\$1.2 million) for the year ended December 31, 2020.

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 Micro Finance from Jimu Group at a cost of RMB230 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 (i) were facilitated by us, excluding loans originated before 2019, (ii) were funded through Jimu Box and (iii) 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, 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.

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Collections on Behalf of Jimu Group

We have acted as a business counterparty with Jimu Group including loan borrower referrals and collection channel. For purpose of repayments to Jimu Box's online platform lenders, the repayments from borrowers in connection with the remaining loans funded by Jimu Box has been collected through us and repaid to Jimu Box's online lenders through custody bank account of Jimu Group. As the custody bank account of Jimu Group established for online lending platform business has been frozen following its insolvency and exit from online lending platform business in February 2020, in order to facilitate Jimu Box's platform unwinding plan, we entered into an agreement with Jimu Group, under which we are obligated to transfer principal and interest collected from the borrowers to the party designated by Jimu Group for purpose of Jimu Box's online borrowers repayment to lenders. In September 2020, we paid RMB100.0 million to the party designated by Jimu Group according to the agreement and plan to do so for all collected amount of related loans.

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,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
(i) Transactions recorded through statement of operations and comprehensive income/(loss)				
- Cost and expenses allocated from the related party	48,687	24,994	3,712	569
- Service cost charged by the related party	529,593	200,163	23,052	3,533
- Collection service fees charged by Beijing Liangduo and Changsha Liangduo	58,192	63,400	32,176	4,931
- Interest income from loans to the related party	—	(43,156)	(31)	(5)
- Interest expense on borrowings from the related party	4,094	213	—	—
(ii) Operating transactions				
- Technical service fee collected by the related party on behalf of the Group	—	(64,078)	—	—
- Payment for guarantee deposit to the related party	—	(100,269)	(24,788)	(3,799)
- Loan interests collected from the related party	—	3,310	—	—
- Borrowing interests paid to the related party	(2,259)	(2,047)	—	—
- Share-based compensation awards to employees of the related party*	—	(34,684)	3,471	532
- Collecting principal and interests from borrowers on behalf of the related party	—	—	363,342	55,685
- Repayment of collecting principle and interests from borrowers on behalf of the related party	—	—	(100,000)	(15,326)
(iii) Financing/Investing transactions				
- Net cash advances (to)/from the related party	(445,319)	(697,754)	293	45
- Principal of loans provided to the related party	(52,048)	(137,000)	(40,000)	(6,130)
- Principal of loans collected from the related party	52,048	122,000	40,000	6,130
- Principal of borrowings proceed from the related party	26,711	—	—	—
- Principal of borrowings repaid to the related party	(32,150)	(23,831)	—	—
- Equity transfer consideration paid to the related party	—	(23,000)	—	—
- Acquisition of Ganzhou Aixin Micro Finance from the related party	—	(230,000)	—	—

* 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.

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As of December 31, 2018, we had RMB475.0 million due from Jimu Group and RMB89.5 million due to Jimu Group, as of December 31, 2019, RMB866.0 million amounts due from Jimu Group and RMB4.5 million due to Jimu Group, and as of December 31, 2020, RMB858.6 million (US\$131.6 million) amounts due from Jimu Group and RMB266.0 million (US\$40.8 million) due to Jimu Group. All amounts due from Jimu Group as of December 31, 2019 and 2020 were impaired since Jimu Group announced its insolvency 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. For the year ended December 31, 2020, the current amounts due from Jimu Group increased by RMB102.8 million (US\$15.8 million), while the non-current amounts due from Jimu Group decreased by RMB110.2 million (US\$16.9 million). We made an additional provision of RMB7.8 million (US\$1.2 million) for the year ended December 31, 2020.

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 before August 22, 2019. BBAE Advisors LLC provides bridge loans to us for working capital purposes. As of December 31, 2018, 2019 and 2020, we had RMB721 thousand, RMB211 thousand, and RMB181 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, 2018, 2019, and 2020, we had RMB5.6 million, RMB2.8 million, and RMB5.1 million (US\$0.8 million), respectively, due to Beijing Liangduo and Changsha Liangduo related to outsourced collection service fees. For the years ended December 31, 2018, 2019 and 2020, collection service fees charged by Beijing Liangduo and Changsha Liangduo were RMB58.2 million, RMB61.5 million, and RMB34.1 million (US\$5.2 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, 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. 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 RMB100.0 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.

On September 29, 2020, we and certain of our current and former directors and officers and the underwriters in our initial public offering were named as defendants in a securities class action filed in the U.S. District Court for the Southern District of New York. The action, purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of their trading in the ADSs, alleges that our registration statement on Form F-1 in connection with our initial public offering contained material misstatements and omissions in violation of the U.S. federal securities laws, including those relating to our revenue recognition, internal control over financial reporting and historical financial results. The plaintiff sought to, among others, have the court determine the action a proper class action as well as award compensatory damages and reasonable costs and expenses in favor of the class. We filed a motion to dismiss on April 16, 2021 and are awaiting plaintiff's opposition, due in mid-June. We plan to submit our reply brief by July 15, 2021. This action remains in its preliminary stage, and we are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuit, if it proceeds. We believe this case is without merit and intend to defend the actions vigorously. For risks and uncertainties relating to pending cases against us, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We and certain of our directors and officers have been named as defendants in a shareholder class action, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

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.

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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 Act (As Revised) of the Cayman Islands, referred to as the Companies Act below. The following are summaries of material provisions of our amended and restated memorandum and articles of association, as well as the Companies Act (As Revised) 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

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- 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 (i) 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 (ii) 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 Act 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 Act. 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.

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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 Act 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 Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our 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 Act, 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 Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may only 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.

General Meetings of Shareholders and Shareholder Proposals

As a Cayman Islands exempted company, we are not obliged by the Companies Act 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 shareholders holding shares representing in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of the 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.

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

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a 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 Act.

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 act 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.

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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 Act, 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.

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 “IRS”), 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;

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- 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, state, local and non-U.S. income and other tax considerations associated with an investment in our ADSs or ordinary shares in light of its particular situation.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in or organized under the laws of the United States, 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 “United States Person” within the meaning of the Code.

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 in the partnership 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 U.S. 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 taxable 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 taxable 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 ended December 31, 2020. 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 continue to be classified as a PFIC for our taxable year ending December 31, 2021 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 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 taxable year ending December 31, 2021 and in future taxable years.

Dividends

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” any cash distributions (including constructive distributions and 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 depository, 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 believe 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 ended December 31, 2020. 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 taxable 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 U.S. 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.

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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 IRS. 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.

Information Reporting

Certain U.S. Holders are required to report information to the IRS relating to an interest in "specified foreign financial assets" (as defined in the Code), including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds US\$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on and proceeds from the sale or other disposition of the ADSs or ordinary shares. Information reporting will apply to payments of dividends on, and to proceeds from the sale or other disposition of, ADSs or ordinary shares by a paying agent within the United States to a U.S. Holder, other than U.S. Holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, ADSs or ordinary shares within the United States to a U.S. Holder (other than U.S. Holders that are exempt from backup withholding and properly certify their exemption) if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the U.S. information reporting rules to its particular circumstances.

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 ASSOCIATED WITH 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.

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We will furnish the Bank of New York Mellon, the depository 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 depository 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 depository 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."

Inflation Risk

Since our inception, 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 2018, 2019 and 2020 were increases of 2.1%, 2.9% and 2.5%, respectively. Although we have not been materially affected by inflation in recent years, we may be affected if China experiences higher rates of inflation in the future.

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
\$0.05 (or less) per ADS	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
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	Any cash distribution to ADS holders
\$0.05 (or less) per ADS per calendar year	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
Registration or transfer fees	Depository services
Expenses of the depositary	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
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	Cable and facsimile transmissions (when expressly provided in the deposit agreement)
Any charges incurred by the depositary or its agents for servicing the deposited securities	Converting foreign currency to U.S. dollars
	As necessary
	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. We received net reimbursement of approximately US\$179,000 from the depositary for our expenses incurred in 2020 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.

On April 2 2021, we called the 2021 EGM to be held on May 7, 2021 to consider and vote on two proposals including that: (i) our authorized share capital be changed to US\$250,000, divided into 2,000,000,000 shares of a par value of US\$0.000125 each, comprising of (i) 750,000,000 Class A ordinary shares, (ii) 250,000,000 Class B ordinary shares, and (iii) 1,000,000,000 shares of no specific class of a par value of US\$0.000125 each, by the re-designation of 1,000,000,000 authorized but unissued Class A ordinary shares as shares of no specific class; and (2) our Fourth Amended and Restated Memorandum of Association and Articles of Association be amended and restated by their deletion in their entirety and by the substitution in their place of the Fifth Amended and Restated Memorandum of Association and Articles of Association. On April 7, 2021, we announced that the venue for the 2021 EGM will be change to Conference Room B, Floor 1, Grand Metro Park Conference Center Long Xi Beijing, Building 7, No.55 Longhua Avenue, Daxing District, Beijing.

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, 2020, our disclosure controls and procedures were not effective 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, 2020.

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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.

Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20 F does not include an attestation report of our independent registered public accounting firm due to rules of the SEC where domestic and foreign registrants that are “emerging growth companies” which we are, are not required to provide the auditor attestation.

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, 2020, we and our independent registered public accounting firm identified one material weakness 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.

The 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.

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

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report 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>.

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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 Marcum Bernstein & Pinchuk LLP, our principal external auditors, for the periods indicated.

	For the year ended	
	December 31,	
	2019	2020
	(in US\$ thousands)	
Audit fees(1)	1,975	650
Audit-related fees(2)	—	—
Tax fees(3)	—	—
All other fees(4)	—	105

- (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.
- (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 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 is no longer effective. We will continue to monitor the market. We may initiate another share repurchase program in 2021 when appropriate.

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:

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- 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
- 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 SEC 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 SEC 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.

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We provided PwC with a copy of the disclosures under this Item 16F and requested from PwC a letter addressed to the SEC 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.

We have relied on and plan to continue to rely on home country practice with respect to our corporate governance. Specifically, we do not have a majority of independent directors serving on our board of directors. We may also continue to rely on this and other exemptions available to foreign private issuers in the future, and to the extent that we choose to do so, 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.

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*	Fourth Amended and Restated Memorandum and Articles of Association of the Registrant
2.1	Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit 4.3 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated by reference to Exhibit 4.2 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
2.3	Deposit Agreement (incorporated by reference to Exhibit 4.3 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.3	Form of Employment Agreement between the Registrant and its executive officers (incorporated by reference to Exhibit 10.3 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)

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<u>Exhibit Number</u>	<u>Description of Document</u>
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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 January 21, 2021
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 January 21, 2021
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 January 21, 2021
4.11*	English translation of the Power of Attorney by Xin Sun, a shareholder of Pintec Jinke (Beijing) Technology Information Co., Ltd. dated January 21, 2021
4.12*	English translation of the Power of Attorney by Wei Wei, a shareholder of Pintec Jinke (Beijing) Technology Information Co., Ltd. dated January 21, 2021
4.13*	English translation of the Letter of Spousal Consent issued by the spouse of Xin Sun, a shareholder of Pintec Jinke (Beijing) Technology Information Co., Ltd., dated January 21, 2021
4.14*	English translation of the Letter of Spousal Consent issued by the spouse of Wei Wei, a shareholder of Pintec Jinke (Beijing) Technology Information Co., Ltd., dated January 21, 2021
4.15	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.16	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.17	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.18	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.19	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.20	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.21	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.22	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.23	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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)
4.24*	English translation of the Termination Agreement by and among Pintec (Beijing) Technology Co., Ltd., Wei Wei, Xiaomei Peng, and Xuanji Intelligence (Beijing) Technology Co., Ltd. dated April 30, 2020
4.25*	English translation of the Equity Interest Transfer Agreement between Xiaomei Peng and Yang Liu dated April 30, 2020

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Exhibit Number	Description of Document
4.26*	English translation of the Equity Interest Transfer Agreement between Wei Wei and Yang Liu dated April 30, 2020
4.27*	English translation of the Equity Interest Transfer Agreement between Wei Wei and Shenzhen Xiaogang Technology Co., Ltd. dated April 30, 2020
4.28*	English translation of the Concerted Action Agreement between Yang Liu and Shenzhen Xiaogang Technology Co., Ltd. dated April 30, 2020
4.29*	English translation of the Intellectual Property License Agreement by and among Shanghai Anquying Technology Co., Ltd., Ganzhou Aixin Network Micro Finance Co., Ltd., Qilehui Credit Information Co., Ltd., Ganzhou Dumiao Intelligence Technology Co., Ltd., Myfin Insurance Broker Co., Ltd., Beijing Hongdian Fund Distributor Co., Ltd., Pintec (Beijing) Technology Co., Ltd., Sky City (Beijing) Technology Co., Ltd. and Xuanji Intelligence (Beijing) Technology Co., Ltd. dated April 30, 2020
4.30*	English translation of the Supplementary Agreement by and among Yang Liu, Wei Wei, Shenzhen Xiaogang Technology Co., Ltd. and Xuanji Intelligence (Beijing) Technology Co., Ltd. dated June 1, 2020
4.31	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 SEC on July 16, 2018)
4.32	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 SEC on July 16, 2018)
4.33	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.34	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.35	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.36	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.37	Restructuring Agreement by and among Pintec Holdings Limited and Shareholders, dated December 1, 2017 (incorporated by reference to Exhibit 10.26 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.38	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.39	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.40	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.41	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.42	2018 Share Incentive Plan of the Registrant (incorporated by reference to Exhibit 10.31 to our registration Statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.43	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)
4.44	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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.45	<u>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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC on July 16, 2018)</u>
4.46	<u>English translation of Supplementary Agreement 2 to loan agreement between Shenzhen Qianhai Minheng Commercial (incorporated herein by reference to Exhibit 4.45 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.47	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.48	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.49	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.50	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.51	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.52	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.53	<u>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 our annual report on Form 20-F (File No. 001-38712) filed with the SEC on July 30, 2019)</u>
4.54	<u>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 (incorporated by reference to Exhibit 4.44 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.55	<u>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 (incorporated by reference to Exhibit 4.45 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.56	<u>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 (incorporated by reference to Exhibit 4.46 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.57	<u>English translation of Equity Pledge Agreement entered into between Shanghai Mandra Technology Co., Ltd. and Shanghai Anquying Technology Co., Ltd. dated August 30, 2019 (incorporated by reference to Exhibit 4.47 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.58	<u>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 (incorporated by reference to Exhibit 4.48 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.59	<u>English translation of Loan Agreement between Sikaisite (Beijing) Science and Technology Co., Ltd. and Lerong Duoyuan (Beijing) Technology Co., Ltd. dated September 9, 2019 (incorporated by reference to Exhibit 4.49 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.60	<u>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 (incorporated by reference to Exhibit 4.50 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.61	<u>English translation of Share Transfer Agreement entered into between Pintec (Ganzhou) Technology Co., Ltd. and Pintec (Yinchuan) Technology Co., Ltd. dated November 20, 2019 (incorporated by reference to Exhibit 4.51 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>
4.62	<u>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 (incorporated by reference to Exhibit 4.52 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)</u>

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Exhibit Number	Description of Document
4.63	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 (incorporated by reference to Exhibit 4.53 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)
4.64*	English translation of Equity Interest Transfer Agreement by and among Pintec (Yinchuan) Technology Co., Ltd., Ningxia Fengyin Enterprise Management Consulting LLP and Yinchuan Chuanxi Technology Co., Ltd. dated October 22, 2020.
4.65*	English translation of the Supplementary Agreement I by and among Yinchuan Chuanxi Technology Co., Ltd., Ningxia Fengyin Enterprise Management Consulting LLP and Pintec (Yinchuan) Technology Co., Ltd. dated October 22, 2020.
4.66*	English translation of the Supplementary Agreement II by and among Yinchuan Chuanxi Technology Co., Ltd., Ningxia Fengyin Enterprise Management Consulting LLP and Pintec (Yinchuan) Technology Co., Ltd. dated October 22, 2020.
4.67*	English translation of the Title Transfer Contract by and between Ningxia Gaoxin Software and Animation Development Co., Ltd. and Pintec (Yinchuan) Technology Co., Ltd. dated December 14, 2020.
4.68*	English translation of the Supplementary Agreement to the Title Transfer Contract by and between Ningxia Gaoxin Software and Animation Development Co., Ltd. and Pintec (Yinchuan) Technology Co., Ltd. dated December 14, 2020.
4.69	Warrant to Purchase Class A Ordinary Shares dated October 16, 2020 (incorporated by reference to Exhibit 99.2 to the Schedule 13D filed with the SEC on April 7, 2021)
4.70*	Share Purchase Agreement by and among Sky City Holdings Limited (BVI), Pinte Technology Holdings Limited, Hzone Holdings Limited, Riche Bright Securities Limited dated April 9, 2021
4.71*	English translation of Equity Transfer Agreement by and among Sky City (Beijing) Technology Co., Ltd., Jing Shi, Yingzi Peng and Shenzhen Jishengtai Technology Co. Ltd. dated April 12, 2021
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 to our registration statement on Form F-1 (File No. 333-226188), as amended, initially filed with the SEC 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 PricewaterhouseCoopers Zhong Tian LLP to the SEC (incorporated by reference to Exhibit 16.1 to our annual report on Form 20-F (File No. 001-38712) filed with the SEC on June 29, 2020)
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

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/ Victor Huike Li

Name: Victor Huike Li

Title: Chief Executive Officer

Date: April 30, 2021

Pintec Technology Holdings Limited

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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, 2019 and 2020, and the related consolidated statements of operations and comprehensive income/(loss), changes in (invested deficit)/equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2019 and 2020, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

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.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

We have served as the Company’s auditor since 2019.

Beijing, China
April 30, 2021

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,		
	2019	2020	2020
	RMB	RMB	US\$ Note 2 (f)
ASSETS			
Current assets:			
Cash and cash equivalents	102,755	377,160	57,802
Restricted cash	382,695	137,220	21,030
Short-term financing receivables, net	430,387	70,783	10,848
Short-term financial guarantee assets, net	91,374	18,569	2,846
Accounts receivable, net	74,251	50,979	7,813
Prepayments and other current assets, net	78,330	66,160	10,141
Amounts due from related parties, net	64	30	5
Total current assets	1,159,856	720,901	110,485
Non-current assets:			
Non-current restricted cash	95,454	7,964	1,221
Amounts due from related parties, net	10,000	—	—
Long-term financing receivables, net	19,100	2,835	434
Long-term financial guarantee assets, net	3,647	698	107
Long-term investments	108,603	121,179	18,571
Deferred tax assets	64,675	1,053	161
Property, equipment and software, net	14,317	107,208	16,430
Intangible assets, net	49,790	16,666	2,554
Goodwill	35,157	—	—
Total non-current assets	400,743	257,603	39,478
TOTAL ASSETS	1,560,599	978,504	149,963
LIABILITIES			
Current liabilities:			
Short-term borrowings (including amounts of the consolidated VIEs of RMB320,000 and RMB130,000, respectively)	320,000	130,000	19,923
Short-term funding debts (including amounts of the consolidated VIEs of RMB300,212 and RMB2,841, respectively)	300,212	2,841	435
Accounts payable (including amounts of the consolidated VIEs of RMB56,296 and RMB8,976, respectively)	57,719	10,360	1,588
Amounts due to related parties (including amounts of the consolidated VIEs of RMB6,749 and RMB271,419, respectively)	10,191	271,419	41,597

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Tax payable (including amounts of consolidated VIEs of RMB49,666 and RMB23,334, respectively)	52,535	26,971	4,133
Debt instrument (including amounts of consolidated VIEs of RMB81,053 and RMB nil, respectively)	81,053	—	—
Financial guarantee liabilities (including amounts of consolidated VIEs of RMB101,933 and RMB20,260, respectively)	101,933	20,260	3,105
Accrued expenses and other liabilities (including amounts of consolidated VIEs of RMB118,128 and RMB19,567, respectively)	157,945	59,754	9,158
Total current liabilities	1,081,588	521,605	79,939
Non-current liabilities:			
Long-term funding debts (including amounts of consolidated VIEs of RMB21,498 and nil, respectively)	21,498	—	—
Convertible loan (including amounts of consolidated VIEs of nil and nil, respectively)	—	400,000	61,303
Long-term borrowings (including amounts of consolidated VIEs of RMB80,000 and nil, respectively)	80,000	—	—
Other non-current liabilities (including amounts of consolidated VIEs of nil and nil, respectively)	18,793	8,849	1,356
Total non-current liabilities	120,291	408,849	62,659
TOTAL LIABILITIES	1,201,879	930,454	142,598
Commitments and contingencies (Note 26)			
EQUITY			
Class A Ordinary Shares (US\$ 0.000125 par value per share; 348,217,505 and 1,750,000,000 shares authorized as of December 31, 2019 and 2020; 244,499,207 and 247,852,996 shares outstanding as of December 31, 2019 and 2020)	212	232	36
Class B Ordinary Shares (US\$ 0.000125 par value per share; 51,782,495 and 250,000,000 shares authorized as of December 31, 2019 and 2020; 50,939,520 and 50,939,520 shares outstanding as of December 31, 2019 and 2020)	42	42	6
Additional paid-in capital	1,977,365	1,985,792	304,336
Statutory reserves	29,659	30,763	4,715
Accumulated other comprehensive income	42,890	19,913	3,052
Accumulated deficit	(1,860,640)	(2,155,679)	(330,372)
Total shareholders' equity (deficit)	189,528	(118,937)	(18,227)
Non-controlling interests	169,192	166,987	25,592
TOTAL EQUITY	358,720	48,050	7,365
TOTAL LIABILITIES AND EQUITY	1,560,599	978,504	149,963

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)

(RMB and US\$ in thousands, except for share and per share data, or otherwise noted)

	For the year ended December 31,			
	2018	2019	2020	2020
	RMB	RMB	RMB	US\$ Note 2 (f)
Revenues:				
Technical service fees	1,297,758	1,077,760	330,665	50,676
Installment service fees	291,077	187,359	42,707	6,545
Wealth management service fees and others	14,796	20,117	4,892	750
Total revenues	1,603,631	1,285,236	378,264	57,971
Cost of revenues:				
Funding cost	(161,384)	(51,759)	(16,525)	(2,533)
Provision for credit losses	(70,411)	(33,942)	(45,090)	(6,910)
Origination and servicing cost	(323,342)	(290,398)	(100,760)	(15,442)
Cost on guarantee	—	(193,426)	(100,347)	(15,379)
Service cost charged by the related party	(529,593)	(200,163)	(23,052)	(3,533)
Cost of revenues	(1,084,730)	(769,688)	(285,774)	(43,797)
Gross profit	518,901	515,548	92,490	14,174
Operating expenses:				
Sales and marketing expenses	(99,671)	(69,593)	(44,697)	(6,850)
General and administrative expenses	(312,979)	(1,095,311)	(147,753)	(22,644)
Research and development expenses	(94,989)	(79,079)	(37,521)	(5,750)
Goodwill and intangible assets impairment	—	—	(69,358)	(10,630)
Total operating expenses	(507,639)	(1,243,983)	(299,329)	(45,874)
Operating income/(loss)	11,262	(728,435)	(206,839)	(31,700)
Change in fair value of convertible loans	(9,552)	—	—	—
Loss from equity method investments	(2,652)	(8,149)	(11,523)	(1,766)
Impairment on prepayment for long-term investment	—	(200,000)	—	—
Impairment loss on equity investment	—	—	(15,908)	(2,438)
Other income/(expenses), net	8,822	(11,094)	(12,674)	(1,942)
Interest income from related parties	—	43,156	—	—
Income/(loss) before income tax expense	7,880	(904,522)	(246,944)	(37,846)
Income tax expense	(5,709)	(1,968)	(49,196)	(7,540)
Net income/(loss)	2,171	(906,490)	(296,140)	(45,386)
Net loss attributable to non-controlling interest	—	(595)	(2,205)	(338)
Net income/(loss) attributable to Pintec Technology Holdings Limited shareholders	2,171	(905,895)	(293,935)	(45,048)
Other comprehensive income/(loss):				
Fair value change in available for sale investment	—	—	(421)	(64)
Foreign currency translation adjustments, net of nil tax	30,173	11,876	(22,556)	(3,457)
Total other comprehensive income/(loss)	30,173	11,876	(22,977)	(3,521)

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Total comprehensive income/(loss)	32,344	(894,614)	(319,117)	(48,907)
Total comprehensive loss attributable to non-controlling interest	—	(595)	(2,205)	(338)
Total comprehensive income/(loss) attributable to Pintec Technology Holdings				
Limited shareholders	32,344	(894,019)	(316,912)	(48,569)
Loss per ordinary share				
Basic and Diluted	(0.74)	(3.21)	(0.99)	(0.15)
Weighted average number of ordinary shares outstanding				
Basic and Diluted	101,094,197	282,129,663	297,334,389	297,334,389
Share-based compensation expenses included in				
Cost of revenues	337	250	18	3
Sales and marketing expenses	10,236	1,565	3,182	488
General and administrative expenses	102,012	12,785	7,054	1,081
Research and development expenses	18,675	3,247	1,644	252

The accompanying notes are an integral part of these consolidated financial statements.

PINTEC TECHNOLOGY HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN (INVESTED DEFICIT)/ 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)/ Equity
	Share	Amount RMB	Share	Amount RMB	Share	Amount RMB							
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
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

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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	<u>—</u>	<u>—</u>	<u>213,811,958</u>	<u>185</u>	<u>51,782,495</u>	<u>43</u>	<u>1,739</u>	<u>1,896,993</u>	<u>31,014</u>	<u>(872,698)</u>	<u>—</u>	<u>1,057,276</u>
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
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	<u>—</u>	<u>—</u>	<u>244,499,207</u>	<u>212</u>	<u>50,939,520</u>	<u>42</u>	<u>29,659</u>	<u>1,977,365</u>	<u>42,890</u>	<u>(1,860,640)</u>	<u>169,192</u>	<u>358,720</u>

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Exercise of Share-based options	—	—	3,353,789	20	—	—	—	—	—	—	—	20	
Share-based awards to employee of the Group	—	—	—	—	—	—	—	11,898	—	—	—	11,898	
Share-based awards to employee of Jimu Group	—	—	—	—	—	—	—	(3,471)	—	—	—	(3,471)	
Net loss	—	—	—	—	—	—	—	—	—	(293,935)	—	(296,140)	
Appropriation to statutory reserve	—	—	—	—	—	—	1,104	—	—	(1,104)	—	—	
Fair value change in available for sale investment	—	—	—	—	—	—	—	—	—	—	(421)	(421)	
Foreign currency translation adjustments, net of nil tax	—	—	—	—	—	—	—	—	(22,556)	—	—	(22,556)	
As of December 31, 2020	<u>—</u>	<u>—</u>	<u>247,852,996</u>	<u>232</u>	<u>50,939,520</u>	<u>42</u>	<u>30,763</u>	<u>1,985,792</u>	<u>19,913</u>	<u>(2,155,679)</u>	<u>—</u>	<u>166,987</u>	<u>48,050</u>

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,			
	2018	2019	2020	2020
	RMB	RMB	RMB	US\$ Note 2 (f)
Cash flows from operating activities:				
Net income/(loss)	2,171	(906,490)	(296,140)	(45,386)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
Depreciation and amortization	4,701	12,289	15,225	2,333
Share-based compensation expenses	131,260	17,847	11,898	1,824
Provision for doubtful accounts and credit losses	178,567	961,851	50,965	7,811
Impairment loss of goodwill and intangible assets	—	—	69,358	10,630
Impairment on prepayment for long-term investment	—	200,000	—	—
Impairment loss on equity investment	—	—	15,908	2,438
Loss from equity-method investments	2,652	8,149	11,523	1,766
Accretion of debt instrument	—	7,343	18,947	2,904
Change in fair value of convertible loans	9,552	—	—	—
Change in fair value of short-term investments	315	—	—	—
Deferred income tax	(36,901)	(17,263)	46,915	7,190
Change in the fair value of contingent consideration payable from acquisition of Infrarisk	—	1,496	985	151
Changes in operating assets and liabilities:				
Short-term and long-term financing receivables	(34,841)	112,540	108	17
Short-term and long-term financial guarantee assets	(20,610)	(86,939)	83,806	12,844
Accounts receivable	(119,252)	(49,780)	17,162	2,630
Amounts due from related parties, net	33,352	83,020	(8,076)	(1,238)
Prepayments and other current assets, net	(15,579)	2,112	12,299	1,885
Short-term and long-term funding debts	181,799	(172,792)	(22,210)	(3,404)
Accounts payable	(4,193)	15,070	(47,362)	(7,259)
Amounts due to related parties	(118,888)	(30,495)	261,229	40,035
Tax payable	34,695	(5,539)	(12,755)	(1,955)
Financial guarantee liabilities	15,537	86,397	(81,673)	(12,517)
Accrued expenses and other liabilities	(12,429)	(63,737)	(91,149)	(13,969)
Net cash provided by operating activities	231,908	175,079	56,963	8,730
Cash flows from investing activities:				
Purchase of property, equipment and software	(4,071)	(10,015)	(97,801)	(14,989)
Disposal of property, equipment and software	—	—	924	142
Prepayment for financing receivable	—	(200,000)	—	—
Financing receivables facilitated	(4,319,655)	(1,988,899)	(360,984)	(55,323)

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Collection of principal on financing receivables	5,204,478	2,313,229	691,655	106,001
Loan provided to a third party	(137,264)	—	—	—
Collection of loan from a third party	—	135,296	—	—
Net cash advances to the related party	(445,319)	(697,754)	293	45
Loans provided to the related party	(52,048)	(137,000)	(40,000)	(6,130)
Collection of loan from the related party	52,048	122,000	40,000	6,130
Proceeds from short-term investments	1,685	—	—	—
Cash acquired due to acquisition of Qilehui (Note 4)	—	—	26	4
Cash acquired due to acquisition of Ganzhou Micro Finance (Note 4)	—	42,591	—	—
Purchase of Infrarisk, net of cash acquired (Note 4)	—	(3,650)	—	—
Purchase of long-term investments	(19,259)	(91,500)	(41,494)	(6,359)
Equity transfer consideration paid to the related party	—	(23,000)	—	—
Net cash provided by/(used in) investing activities	280,595	(538,702)	192,619	29,521
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	288,141	495,000	50,000	7,663
Repayment of short-term borrowings and long-term borrowings	(68,141)	(315,000)	(320,000)	(49,042)
Loan received from third parties	514,000	17,000	—	—
Loan repayment to third parties	(514,000)	(17,000)	—	—
Loan proceeds from the related party	26,711	—	—	—
Repayment of loans to the related party	(32,150)	(23,831)	—	—
Loan proceeds from a shareholder	151,000	—	—	—
Repayment of loan to a shareholder	(29,313)	—	—	—
Proceeds from funding debts	2,253,452	682,100	—	—
Principal repayments on funding debts	(3,538,252)	(904,074)	(296,659)	(45,465)
Proceeds from issuance of convertible loan	21,730	—	400,000	61,303
Proceeds from issuance of debt instrument	—	100,000	—	—
Repayment of debt instrument	—	—	(100,000)	(15,326)
Proceeds from exercise of options	—	26	20	3
Proceeds from minority shareholders capital injection	—	170,151	—	—
Proceeds from notes payable	—	20,000	—	—
Repayment of notes payable	—	—	(20,000)	(3,065)
Net cash (used in)/provided by financing activities	(200,085)	224,372	(286,639)	(43,929)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	21,732	10,114	(21,503)	(3,297)
Net increase/(decrease) in cash, cash equivalents and restricted cash	334,150	(129,137)	(58,560)	(8,975)

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Cash, cash equivalents and restricted cash at beginning of the year	375,891	710,041	580,904	89,028
Including:				
Cash and cash equivalents at beginning of the year	370,891	457,442	102,755	15,748
Current restricted cash at beginning of the year	5,000	252,599	382,695	58,651
Non-current restricted time deposits at beginning of the year	—	—	95,454	14,629
Cash, cash equivalents and restricted cash at end of the year	<u>710,041</u>	<u>580,904</u>	<u>522,344</u>	<u>80,053</u>
Including:				
Cash and cash equivalents at end of the year	457,442	102,755	377,160	57,802
Current restricted cash at end of the year	252,599	382,695	137,220	21,030
Non-current restricted time deposits at end of the year	—	95,454	7,964	1,221
Supplemental disclosure of cash flow information:				
Cash paid for interest and funding cost	82,069	64,121	49,473	7,582
Cash paid for income tax expense	17,651	33,419	6,455	989
Non-cash investing activities:				
Payables related to long-term investments	(35,000)	—	—	—
Net off amount due to the related party arising from acquisition of Ganzhou Micro Finance with due from the related party	—	230,000	—	—
Contingent payables related to acquisition of Infrarisk	—	(11,215)	—	—
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.

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

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. Pintec Technology Holdings Limited (the “Company” or “Pintec”) 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. The Company was incorporated in the Cayman Islands on March 2, 2017 as an exempted company with limited liability.

(b) Major subsidiaries and VIEs

To pursue initial public offering of Pintec Business, Jimu Parent initiated a restructuring process (the “Reorganization”) that separated Pintec Business from Jimu Parent as of March 31, 2018. 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.

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, 2018 and 2019.

<u>For the year ended December 31, 2018:</u>	<u>Share based compensation RMB</u>	<u>Others RMB</u>	<u>Total RMB</u>
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

<u>For the year ended December 31, 2019:</u>	<u>Share based compensation RMB</u>	<u>Others RMB</u>	<u>Total RMB</u>
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

The cost and expenses allocated from Jimu Parent for the year ended December 31, 2020 was immaterial, see note 23.

PINTEC TECHNOLOGY HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(RMB in thousands, except for share data and per share data, or otherwise noted)

Principal subsidiaries and VIEs

As of December 31, 2020, the Company's principal subsidiaries, consolidated VIEs and subsidiaries of VIEs (collectively the "Group") 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 (Beijing) Technology Co., Ltd. ("Sky City WFOE")	December 22, 2016	The PRC	100%	Investment holding
Anxunying (Tianjin) Commercial Factoring Co., Ltd. ("Anxunying Tianjin")	December 3, 2018	The PRC	100%	Lending solution business
Pintec (Beijing) Technology Co., Ltd ("Pintec Beijing WFOE")	December 21, 2016	The PRC	100%	Investment holding
Qilehui Credit Information Co., Ltd ("Qilehui")	August 31, 2020	The PRC	100%	Corporate credit investigation
FT Synergy Pte. Ltd. ("FT Singapore")	December 21, 2018	Singapore	100%	Lending solution business
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
VIEs and VIEs subsidiaries (referred to as "Pintec Operating Entities"):				
Beijing Hongdian Fund Distributor Co., Ltd. ("Beijing Hongdian")	April 13, 2015	The PRC	100%	Wealth management solution business
Shanghai Anquying Technology Co., Ltd. ("Shanghai Anquying")	November 16, 2015	The PRC	100%	Lending solution business
Myfin Insurance Broker Co., Ltd ("Myfin Insurance")	December 17, 2015	The PRC	60%	Insurance solution business
Anquying (Tianjin) Technology Co., Ltd. ("Tianjin Anquying")	January 29, 2016	The PRC	100%	Lending solution business
Xuanji Intelligence (Beijing) Technology Co., Ltd. ("Beijing Xuanji")	May 31, 2016	The PRC	100%	Wealth management solution business
Shenzhen Qianhai Minheng Commercial Factoring Co., Ltd. ("Shenzhen Minheng")	June 30, 2016	The PRC	100%	Lending 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
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
Anquyun (Tianjin) Technology Co., Ltd. ("Tianjin Anquyun")	January 2, 2018	The PRC	100%	Lending solution business
Beijing Xinshun Dingye Technology Co., Ltd. ("Xinshundingye")	January 30, 2019	The PRC	100%	Wealth management solution business
Ganzhou Aixin Network Micro Finance Co., Ltd, (formerly known as Ganzhou Jimu Micro Finance Co., Ltd.) ("Ganzhou Micro Finance")	March 21, 2019	The PRC	100%	Micro-loan Lending
Shenzhen Xiaogang Technology Co., Ltd. ("Shenzhen Xiaogang")	March 25, 2019	The PRC	100%	Wealth management solution business
Pintec Yunke (Ganzhou) Technology Information Co., Ltd. ("Pintec Yunke")	May 9, 2019	The PRC	100%	Lending 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)

(c) Variable interest entities (excluding the consolidated trust as discussed in Note 2(j))

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content, the Group operates its websites and carries out other restricted businesses in the PRC through certain PRC domestic companies, whose equity interests are held by certain management members or family members of founders as nominee shareholders. The Group obtained control over these PRC domestic companies through certain PRC subsidiaries, by entering into a series of contractual arrangements with these PRC domestic companies and their nominee shareholders. To comply with PRC laws and regulations which prohibit or restrict foreign ownership of internet content, the nominee shareholders are legal owners of an entity. However, the rights of those nominee shareholders have been transferred to the Group's relevant PRC subsidiaries through such contractual arrangements. These contractual arrangements include exclusive option agreements, exclusive business cooperation agreements, equity pledge agreement and powers of attorney. Management concluded that the Group's relevant PRC subsidiaries, through the contractual arrangements, have the power to direct the activities that most significantly impact economic performance of these PRC domestic companies, bear the risks of and enjoy the rewards normally associated with ownership of these PRC domestic companies. Therefore, these PRC domestic companies are VIEs of the Group's relevant PRC subsidiaries, of which the Company is the ultimate primary beneficiary. As such, the Group consolidated the financial statements of these PRC domestic companies.

The following is a summary of the contractual arrangements that the Company's subsidiaries entered into with VIEs and their nominee shareholders:

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)

Powers of attorney —Pursuant to the irrevocable power of attorney, the Company's relevant PRC subsidiaries are 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 the Company's relevant PRC subsidiaries under each power of attorney. The powers of attorney are irrevocable and remain in force continuously upon execution.

Exclusive business cooperation agreements —The Company's relevant PRC subsidiaries and the VIEs entered into exclusive business cooperation agreements under which the VIEs engage the Company's relevant PRC subsidiaries as their exclusive provider of technical services and business consulting services. The VIEs shall pay services fees to the Company's relevant PRC subsidiaries, which are determined by the Company's relevant PRC subsidiaries at its sole discretion. The Company's relevant PRC subsidiaries 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 the Company's relevant PRC subsidiaries. These agreements will remain in effect for ten years, but can be terminated by the Company's relevant PRC subsidiaries with 30 days' advance written notice. These agreements can be extended at the sole discretion of the Company's relevant PRC subsidiaries.

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 the Company's relevant PRC subsidiaries as collateral for all of the VIEs' payments due to the Company's relevant PRC subsidiaries 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 the Company's relevant PRC subsidiaries without the Company's relevant PRC subsidiaries' written consent. The Company's relevant PRC subsidiaries are entitled to transfer or assign in full or in part the equity interests pledged. In the event of default, the Company's relevant PRC subsidiaries as the pledgee, will be entitled to request immediate payment of the unpaid service fee and other amounts due to the Company'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 the Company's relevant PRC subsidiaries 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. The Company's relevant PRC subsidiaries may exercise such option at any time. In addition, the VIEs and their nominee shareholders have agreed that without prior written consent of the Company's relevant PRC subsidiaries, 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 the Company's relevant PRC subsidiaries.

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)

(d) Risks in relation to the VIE structure

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could, among others:

- 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 Company's ability to conduct its business may be negatively affected if the PRC government were to carry out of any of the aforementioned actions. As a result, the Company may not be able to consolidate its VIE in its consolidated financial statements as it may lose the ability to exert effective control over the VIE and their respective shareholders and it may lose the ability to receive economic benefits from the VIE. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary and VIE.

The interests of the shareholders of VIE may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing VIE not to pay the service fees when required to do so. The Company cannot assure that when conflicts of interest arise, shareholders of VIE will act in the best interests of the Company or that conflicts of interests will be resolved in the Company's favor. The Company believes the shareholders of VIE will not act contrary to any of the contractual arrangements and the exclusive option agreements provide The Company with a mechanism to remove the current shareholders of VIE should they act to the detriment of The Company. The Company relies on certain current shareholders of VIE to fulfill their fiduciary duties and abide by laws of the PRC and act in the best interest of the Company. If the Company cannot resolve any conflicts of interest or disputes between the Company and the shareholders of VIE, the Company would have to rely on legal proceedings, which could result in disruption of its business, and there is substantial uncertainty as to the outcome of any such legal proceedings.

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, 2019 and 2020 and for the years ended December 31, 2018, 2019 and 2020 were included in the Group's consolidated financial statements as follows:

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
Total assets	931,287	440,444
Total liabilities	1,135,535	476,397

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Total net revenues	1,601,037	1,272,943	352,604
Net income /(loss)	322,605	(520,791)	(111,765)

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Net cash provided by operating activities	470,404	404,851	128,547
Net cash provided by/(used in) investing activities	859,941	(165,957)	289,956
Net cash (used in)/provided by financing activities	(961,263)	86,906	(666,659)

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 trust arrangements, and the equity interest in Ganzhou Micro Finance was pledged as security for Pintec Yinchuan's obligations under the equity transfer agreements with Ningxia Fengyin Enterprise Management Consulting LLP. 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 year ended December 31 2018, provision for doubtful accounts and credit losses, valuation and recognition of share-based compensation expenses, cost and expenses from Jimu Parent to Pintec, uncertain tax positions, valuation allowance of deferred tax assets, fair value of assets and liabilities acquired in business combinations, 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 values of the debt instruments issued with warrants.

(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.

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)

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 income/(loss).

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)/ equity and a component of other comprehensive income/ (loss) in the consolidated statement of operations and comprehensive income/(loss).

(f) Convenience translation

Translations of the consolidated balance sheets, the consolidated statement of operations and comprehensive income/(loss) and the consolidated statement of cash flows from RMB into US\$ as of and for the year ended December 31, 2020 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB6.5250, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2020. 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, 2020, 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.

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(RMB in thousands, except for share data and per share data, or otherwise noted)

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.

(2) personal and business installment loans to borrowers where the Group uses its own cash to fund the loan.

(3) 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 that could potentially be significant to the Trusts, and the Group is obligated to repurchase any loans that are delinquent for more than a specified number of 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.

(4) 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
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(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(5) 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 will not be made, 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 customer's payment history, and 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 and the available for sale investment.

(1) 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 income/(loss) 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 income/(loss). 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 income/(loss) if any.

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(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(2) Available for sale investment

Available for sale investment mainly consist of an investment in a private equity fund subscribed from an asset management company. Available-for-sale securities are reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income. Realized gains or losses are included in interest income in the consolidated statements of operations and comprehensive income/(loss) during the period in which the gain or loss is realized.

(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:

<u>Category</u>	<u>Estimated useful life</u>
Building	24 years
Office furniture and equipment	3 - 5 years
Computer and electronic equipment	3 - 5 years
Software	5 years
Vehicle	10 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 income/(loss).

(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. Intangible assets with useful lives are amortized using the straight-line approach over the estimated economic useful lives of the assets as follows:

<u>Category</u>	<u>Estimated useful life</u>
Microcredit license	17 years
Software copyright	2 years
Customer database	5.5 years
Customer relationship	10 years
Trademark	5.5 years
Credit investigation license	indefinite

The enterprise credit investigation license acquired from acquisition of Qilehui is recognized as an intangible asset with indefinite life and evaluated 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. Such impairment test compares the fair values of asset with its carrying value and an impairment loss is recognized if and when the carrying amounts exceed the fair value.

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)

(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 Financial Accounting Standards Board (“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.

If the Company decides, 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. The Company recognized a goodwill impairment charge of RMB37,593 for the year ended December 31, 2020. There were no impairment charges recognized for the years ended December 31, 2019 or 2018.

(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.

(q) Funding Debts

The proceeds received from individual investors, other financial partners and investors of the consolidated trusts 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.

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(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(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 provided guarantees to individual investors for loans that the Group has referred and funded through Jimu Group before December 2019 and Jimu Group announced its exit from the online lending platform business in February 2020. (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.

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 relieved, it is recognized into the consolidated statements of operation and comprehensive income/(loss) 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, 2018, 2019 and 2020, revenues recognized related to releasing of guarantee liabilities were RMB21,397, RMB407,403 and RMB138,483 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 income/(loss).

As of December 31, 2019 and 2020, the maximum potential future payment the Group could be required to make would be RMB983,201 and RMB215,704, respectively.

(2) Financial guarantee assets

Financial guarantee assets are 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 and 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)

2. Summary of significant accounting policies (Continued)

The Company assesses the realization of the financial guarantee assets collectively depending on factors such as delinquency rate, size, and other risk characteristics of the portfolio and records an allowance for amounts that it estimates will not be realized. For the years ended December 31, 2018 and 2019, the Company recorded expense of nil and RMB12,527, respectively, and for the year ended December 31, 2020, the Company recorded a reversal of RMB8,053 in the statement of operations and comprehensive income/(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 (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 and 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, which are contingent fees and 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.

Revenue recognition under ASC topic 605 (“ASC 605”), Revenue Recognition in the year ended December 31 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.

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(RMB in thousands, except for share data and per share data, or otherwise noted)

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 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 and the monthly repayments occur.

The Group is the primary obligor for the lending solutions provided to the borrowers, mainly 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 income/(loss).

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 consist of commission fees charged from 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.

Revenue recognition under of ASC 606, "Revenue from contracts with Customers" in years ended December 31, 2019 and 2020

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(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 at fair value in accordance with ASC 460, *Guarantees*. 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 online credit assessment and referral service and post-lending management service 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 from borrowers, the Group recognizes revenue during the service period. For technical service fees charged from 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 only 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, 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.

Contract assets

The Group has no other contract assets except for accounts receivable in RMB74,251 and RMB50,979 as of December 31, 2019 and 2020.

Contract liability

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 years ended December 31, 2019 and 2020 that was previously included in the contract liabilities balance as of December 31, 2018 and 2019 was RMB119,684 and RMB66,576.

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2. Summary of significant accounting policies (Continued)

(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 losses

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.

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.

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(RMB in thousands, except for share data and per share data, or otherwise noted)

2. Summary of significant accounting policies (Continued)

(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.

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 which 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.

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2. Summary of significant accounting policies (Continued)

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, which includes rent holidays, of initial possession of the leased property on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease terms.

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2. Summary of significant accounting policies (Continued)

(z) Taxation

Income taxes

Current income taxes are provided on the basis of net income (loss) 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 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 income/(loss) in the period of the enactment of the change.

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. 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.

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 income/(loss).

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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 convertible loan 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.

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(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, 2018, 2019 and 2020, profit appropriation to general reserve fund and statutory surplus fund for the Group's entities incorporated in the PRC was approximately RMB1,739, RMB27,920 and RMB1,104 respectively. No appropriation to other reserve funds was made for any of the periods presented.

(ee) Comprehensive income/(loss)

Comprehensive income/(loss) is defined to include all changes in 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 and unrealized loss of available for sales investment.

(ff) Recently issued accounting pronouncements

The Company is an "emerging growth company" ("EGC") as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, EGC can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. In July 2018, ASU 2016-02 was updated with ASU 2018-11, Targeted Improvements to ASC Topic 842, which provides entities with relief from the costs of implementing certain aspects of the new leasing standard. Specifically, under the amendments in ASU 2018-11, (1) entities may elect not to recast the comparative periods presented when transitioning to ASC 842 and (2) lessors may elect not to separate lease and non-lease components when certain conditions are met. In November 2019, ASU 2019-10, Codification Improvements to ASC 842 modified the effective dates of all other entities. In June 2020, ASU 2020-05 defer the effective date for one year for entities in the "all other" category. For all other entities, the amendments in ASU 2020-05 are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application of the guidance continues to be permitted. The Company will adopt ASU 2016-02 from January 1, 2022. The Company is in the process of evaluating the effect of the adoption of this ASU.

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2. Summary of significant accounting policies (Continued)

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses”, which will require 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. Subsequently, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11 and ASU 2020-02 to provide additional guidance on the credit losses standard.

For all other entities, the amendments for ASU 2016-13 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. The Company will adopt ASU 2016-13 from January 1, 2023. The Company is in the process of evaluating the effect of the adoption of this ASU.

Recently issued ASUs by the FASB, except for the ones mentioned above, are not expected to have a significant impact on the Group’s consolidated results of operations or financial position.

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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, 2018, 2019 and 2020, the Group generated the 36.1%, 43.6% and 49.9% of its total revenues, respectively, through cooperation with five Business Partners, among which 14.4%, 17.2% and 28.9% 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.

Concentration of Financial Partners

The Group have historically relied on Jimu Group, which was considered as one of the Group's related parties, for the funding of most of the loans issued by the Group. Jimu Box, Jimu Group's online peer-to-peer lending platform, was the funding source for 63% of the outstanding loans as of December 31, 2018, 24% of the outstanding loans as of December 31, 2019. However, funding from Jimu Box decreased significantly in 2019 when Jimu Box announced its exit from the online lending platform business. Beginning in February 2020, Jimu Box initiated its plans to transition into a micro finance company. Loans funded by Jimu Box were minimal for the year ended December 31, 2020, representing only 4% of the outstanding loans as of December 31, 2020.

Credit risks

The Group's credit risk primarily arises from financing receivables derived from the point-of-sale installment loans and personal and business 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, prepayments 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 affect the remittances.

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4. Acquisitions**(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:

	<u>Amount</u>
	<u>RMB</u>
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	<u>249,842</u>
Advance from customers	(344)
Tax payable	(993)
Other payables	(9,652)
Deferred tax liabilities	(8,853)
Total	<u>230,000</u>
Total Consideration	<u>230,000</u>

* The goodwill is not deductible for tax purposes.

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4. Acquisitions (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 income/(loss) 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 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. The assets acquired and liabilities assumed and operations of Infrarisk prior to the acquisition were not material.

(iii) Acquisition of Qilehui

On August 31, 2020, Pintec Digital Technology (Beijing) Co., Ltd ("Pintec Digital") acquired 100% equity interest of Qilehui, a company engaged in corporation credit investigation, which owns a credit investigation license, with a consideration of RMB10,000 prepaid by the Company in 2019. The assets acquired and liabilities assumed and operations of Qilehui prior to the acquisition were not material.

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5. Financing receivables, net

The financing receivables, net, consists of the following:

	December 31,	
	2019	2020
	RMB	RMB
Short-term:		
Short-term financing receivables	450,588	71,271
Allowance for credit losses	(20,201)	(488)
Short-term financing receivables, net	430,387	70,783
Long-term:		
Long-term financing receivables	19,443	2,930
Allowance for credit losses	(343)	(95)
Long-term financing receivables, net	19,100	2,835

The following table summarizes the balances of financing receivables by due date.

	December 31,	
	2019	2020
	RMB	RMB
Due in months:		
0 - 12	450,588	71,271
13 - 24	19,443	2,930
Total financing receivables	470,031	74,201

The movement of the allowance for credit losses for the years ended December 31, 2018, 2019 and 2020 were as following:

	2018	2019	2020
	RMB	RMB	RMB
Balance at beginning of the year	70,460	23,183	20,544
Addition due to acquisition of Ganzhou Micro Finance	—	17,470	—
Additions	70,411	33,942	45,090
Charge-offs	(117,688)	(54,051)	(65,051)
Balance at end of the year	23,183	20,544	583

Aging analysis of past due financing receivables are as below:

		1 - 30 Days	31 - 60 Days	61 - 90 Days	91 Days or	Total Past	Current	Total
	Financing receivables	Past Due	Past Due	Past Due	Greater Past	Due		
					Due			
December 31, 2019		8,239	7,546	6,660	—	22,445	447,586	470,031
December 31, 2020		164	154	106	—	424	73,777	74,201

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6. Accounts receivable, net

Accounts receivable, net, consists of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
Receivables for technical service fees from borrowers and financial partners	68,214	42,082
Receivables for marketplace service fees from asset management companies	1,057	981
Receivables for marketplace service fees from insurance companies and others	9,760	8,285
Total accounts receivable	<u>79,031</u>	<u>51,348</u>
Allowance for doubtful accounts	(4,780)	(369)
Accounts receivable, net	<u>74,251</u>	<u>50,979</u>

The movements in the allowance for doubtful accounts for the years ended December 31, 2018, 2019 and 2020 were as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Balance at beginning of the year	5,428	13,845	4,780
Additions	108,156	23,182	6,110
Charge-offs	(99,739)	(32,247)	(10,521)
Balance at end of the year	<u>13,845</u>	<u>4,780</u>	<u>369</u>

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7. Prepayments and other current assets, net

Prepayments and other current assets, net consist of the following:

	December 31,	
	2019	2020
	RMB	RMB
Deposits to financial partners and other vendors	35,988	33,969
Prepaid expenses	32,735	19,555
Prepaid input VAT	4,877	6,607
Short-term loan to third parties	2,742	5,392
Others	3,488	2,137
Total prepayments and other current assets	79,830	67,660
Bad debt provision	(1,500)	(1,500)
Total prepayments and other current assets, net	78,330	66,160

8. Property, equipment and software, net

Property, equipment and software, net consist of the following:

	December 31	
	2019	2020
	RMB	RMB
Building*	—	92,747
Computer and electronic equipment	14,546	14,442
Software	8,947	11,782
Office furniture and equipment	1,153	1,161
Leasehold improvement	1,473	1,473
Vehicle	—	664
Total	26,119	122,269
Less: Accumulated depreciation and amortization	(11,802)	(15,061)
Property, equipment and software, net	14,317	107,208

* In December 2020, the Group purchased a commercial property from a third party, with a total consideration of RMB92,747 excluding taxes.

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Depreciation and amortization expenses for the years ended December 31, 2018, 2019 and 2020 was RMB2,912, RMB3,906 and RMB3,516, 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 23), 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.

10. Long-term investments

Long-term investments consist of investments in privately held companies and available for sale investment. The following table sets forth the changes in the Group’s Long-term investments:

	<u>Cost Method</u> RMB	<u>Equity Method</u> RMB	<u>Available for sale</u> <u>investment</u>	<u>Total</u> RMB
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
Investments made	—	4,894	—	4,894
Loss from equity method investments	—	(11,523)	—	(11,523)
Less: Impairment	—	(15,908)	—	(15,908)
Less: Foreign currency translation adjustments	—	(1,066)	—	(1,066)
Subscription of private equity fund	—	—	36,600	36,600
Gross unrealized loss in accumulated other comprehensive income	—	—	(421)	(421)
Balance as of December 31, 2020	85,000	—	36,179	121,179

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.

Equity method investment

In October 2017, the Group acquired a 27% equity interest of Pivot Fintech PTE. Ltd (“Pivot”) by purchasing ordinary shares with a total consideration of RMB8,821. In June 2020, the Group made an additional investment of RMB4,894 (US\$750) in Pivot and acquired total 48.9% equity interest after the additional investment. For the years ended December 31, 2019 and 2020, the Group recognized its proportionate share of the equity investee’s net loss into earnings in the amount of RMB1,349 and RMB1,804, respectively. In the year ended December 31, 2020 full impairment was made to the carrying value of investment to Pivot due to its recurring operating losses and deteriorated financial position, such the impairment is other-than temporary.

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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.

In November 2020, the Group sold the 20% of Avatec’s equity interest to UOB with the consideration of \$1. For the year ended December 31, 2020, the Group recognized the loss from disposal of Avatec’ equity interest in the amount of RMB3,138. For the years ended December 31, 2019 and 2020, the Group recognized its proportionate share of the equity investee’s net loss in the amount of RMB5,972 and RMB6,560, respectively. In the year ended December 31, 2020, the Group fully impaired the remaining carrying value of investment in Avatec due to its recurring operating losses and deteriorating financial position.

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 carrying amount of RMB6,500 is higher than its interest in the investees’ underlying net assets. The basis difference for income taxes of RMB 5,931 relates to goodwill recognized upon acquisition of Beijing Ruisasi’s equity interest; this goodwill is not amortized for tax. For the years ended December 31, 2019 and 2020, the Group recognized the Group’s proportionate share of the equity investee’s net loss into earnings in the amount of RMB828 and RMB21, respectively. In the year ended December 31, 2020, the Group fully impaired the investment in Beijing Ruisasi due to its recurring operating losses and deteriorating financial position.

Available for sale investment

Available for sale investment represents an investment in a private equity fund made in the year ended December 31, 2020. The private equity fund was controlled by a third-party fund management company. The private equity fund invested into debt securities of a third-party real estate development company. Jimu Group was the general partner and several other third parties were limited partners.

This investment is carried at fair values and the unrealized gains or losses from the changes in fair values are included in accumulated other comprehensive income. For the year ended December 31, 2020, the unrealized losses from the changes in fair values is of RMB421.

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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.

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:

<u>December 31, 2019</u>	<u>Level 1 Inputs</u> RMB	<u>Level 2 Inputs</u> RMB	<u>Level 3 Inputs</u> RMB	<u>Balance at</u> <u>Fair Value</u> RMB
Liabilities				
Consideration payable for acquisition-current			(4,728)	(4,728)
Consideration payable for acquisition-noncurrent			(7,982)	(7,982)
Total	<u>—</u>	<u>—</u>	<u>(12,710)</u>	<u>(12,710)</u>
<u>December 31, 2020</u>	<u>Level 1 Inputs</u> RMB	<u>Level 2 Inputs</u> RMB	<u>Level 3 Inputs</u> RMB	<u>Balance at</u> <u>Fair Value</u> RMB
Liabilities				
Consideration payable for acquisition-current			(7,995)	(7,995)
Consideration payable for acquisition-noncurrent			(954)	(954)
Total	<u>—</u>	<u>—</u>	<u>(8,949)</u>	<u>(8,949)</u>

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.

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12. Intangible assets, net

Intangible assets, net consist of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
License	35,410	9,882
Software copyright	14,506	14,898
Customer database	9,697	9,697
Customer relationship	2,833	2,909
Trademark	162	162
Less: Accumulated amortization	<u>(12,818)</u>	<u>(20,882)</u>
Intangible assets, net	<u>49,790</u>	<u>16,666</u>

Amortization expenses for the years ended December 31, 2018, 2019 and 2020 was RMB1,789, RMB8,383 and RMB11,709, respectively.

In 2020, the Group recognized impairment loss of RMB31,765 for the Microcredit license primary due to the tightening regulation and changing market environment. There was no impairment recognized for the years ended December 2019 and 2018.

As of December 31, 2020, amortization expenses related to the intangible assets for future periods are estimated to be as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and</u>	<u>Total</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>thereafter</u>	
						<u>RMB</u>	<u>RMB</u>
Amortization expenses	4,585	340	307	291	291	970	6,784

13. Goodwill

As of December 31, 2020, the Group performed 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 revenue growth rate ranging from -35.1% to 57.4%. Other key assumptions besides cash flow projections included discount rate of 15% and terminal growth rate of 3%. As a result of the above factors, fair value of the reporting unit was less than its carrying amount. Goodwill of RMB37,593 was fully impaired for the year ended December 31, 2020, and the impairment loss was recognized in the consolidated statements of operations and comprehensive income/(loss).

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14. Funding debts

The following table summarized the Group's outstanding funding debts:

	<u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
Short-term:		
Loan payables to individual investors via Jimu Box and other financial partners	8,893	2,841
Loan payables to investors of consolidated trusts	291,319	—
Total short-term funding debts	<u>300,212</u>	<u>2,841</u>
Long-term:		
Loan payables to individual investors via financial partners	21,498	—
Total long-term funding debt	<u>21,498</u>	<u>—</u>

The funding debts had a weighted average interest rate of 11.4%, 9.1% and 14.8% for the years ended December 31, 2018, 2019 and 2020, respectively.

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15. Borrowings

Borrowings consisted of the following:

	<u>Annual Interest Rate</u>	<u>Maturity</u>	<u>Principal RMB</u>	<u>December 31, 2019 RMB</u>	<u>December 31, 2020 RMB</u>
Short-term borrowings:					
Bank of Jiangsu Co., Ltd (Beijing Branch)*	4.15%-4.35%	December 2020	415,000	320,000	—
Bank of Jiangsu Co., Ltd (Beijing Branch)*	4.05%	April 2021	50,000	—	50,000
SPD Silicon Valley Bank**	3.55%	April 2021	80,000	—	80,000
Total short-term borrowings				320,000	130,000
Long-term borrowings:					
SPD Silicon Valley Bank**	3.55%	April 2021	80,000	80,000	—
Total long-term borrowings				80,000	—

* Loans from Bank of Jiangsu Co., Ltd (Beijing Branch) were pledged with restricted cash with balance of US\$51,080 (RMB355,609) and US\$8,280 (RMB54,026) as of December 31, 2019 and December 31, 2020, respectively. In April, 2021, the Company repaid the short-term borrowing from Bank of Jiangsu of RMB50,000.

** Loan from SPD Silicon Valley Bank were pledged with restricted cash with balance of US\$12,300 (RMB85,630) and US\$12,564 (RMB81,981) as of December 31, 2019 and December 31, 2020, respectively. In April, 2021, the Company repaid the short-term borrowing from SPD Silicon Valley Bank of RMB80,000.

16. 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, 2018, 2019 and 2020.

	<u>2018 RMB</u>	<u>2019 RMB</u>	<u>2020 RMB</u>
Balance at beginning of the year	—	15,537	101,933
Fair value of financial guarantee liabilities upon the inception of new loans	44,549	493,799	56,810
Release of financial guarantee liabilities upon repayment	(21,397)	(407,403)	(138,483)
Contingent liabilities	(7,615)	—	—
Balance at the end of the year	15,537	101,933	20,260

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16. Financial guarantee liabilities and financial guarantee assets (Continued)

(ii) Financial guarantee assets, net

The financial guarantee assets, net consist of the following:

	December 31,	
	2019	2020
	RMB	RMB
Short-term:		
Short-term financial assets receivable	100,419	19,561
Allowance for credit losses	(9,045)	(992)
Short-term financial assets receivable, net	<u>91,374</u>	<u>18,569</u>
Long-term:		
Long-term financial assets receivable	3,647	698
Allowance for credit losses	—	—
Long-term financial assets receivable, net	<u>3,647</u>	<u>698</u>

The movement of the allowance for credit losses for the years ended December 31, 2018, 2019 and 2020 consist of the following:

	2018	2019	2020
	RMB	RMB	RMB
Balance at beginning of the year	—	—	9,045
Additions/(Reversal)	—	12,527	(8,053)
Charge-offs	—	(3,482)	—
Balance at end of the year	<u>—</u>	<u>9,045</u>	<u>992</u>

17. 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.

The Group has determined that the warrant was a freestanding financial instrument as it was 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.

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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.

The Company recorded interest expense of RMB24,280, including the accretion of discount of RMB18,947, for the year ended December 31, 2020. In October 2020, the Company has fully repaid the debt instrument to Mantu in the amount of RMB100,000.

18. Convertible loan

In October 2020, the Group entered into certain equity transfer agreements (the “Agreements”) with Ningxia Fengyin Enterprise Management Consulting LLP (“Ningxia Fengyin”) to obtain total equity interests of Yinchuan Chuanxi Technology Co., Ltd. (“Chuanxi Technology”), for total consideration of RMB400,000 (the “Consideration”).

The full Consideration must be paid within 20 days after the third anniversary of October 22, 2020 (the “Closing Date”). As part of the transaction, in October 2020, the Group issued a warrant (the “Warrant”) to Otov Alfa Holding Limited (the “Otov Alfa”), an entity designated by Ningxia Fengyin, to subscribe 320,036,576 class A ordinary shares of the Company at par value US\$0.000125 per share (the “Warrant Shares”). The Warrant is exercisable immediately and will expire on the third anniversary of October 22, 2020. If the Warrant is exercised before its expiration date, the Group will be released from the obligation of paying corresponding portion of the Consideration. The un-released portion of the debt bears an annual interest rate of 8.75%, and the interest is payable quarterly. As of December 31, 2020, accrued interest was of RMB5,516.

Chuanxi Technology has no operation, it has only cash in the amount of RMB400,000 in its bank account. The acquisition of Chuanxi Technology was in substance to obtain a loan in the principal of RMB 400,000 at an annual interest of 8.75% that has a term of 3 years and is convertible to the Company’s class A ordinary shares. The Company obtained control of Chuanxi Technology as well as its bank account with balance of RMB 400,000 on October 22, 2020.

Since the Warrant is not detachable from the debt and is not a derivative, and no cash conversion features and beneficial conversion features are contained in the instrument, the debt and the Warrant were accounted as a liability equal to the proceeds received in entirety.

To secure the debt due to Ningxia Fengyin, on December 2, 2020, the Group pledged 100% equity interest of Ganzhou Aixin Network Micro Finance Co., Ltd, a subsidiary of the Group, to Ningxia Fengyin. The Group paid a transaction service fee of RMB 4,000 to Guangdong Huawen Industry Group Co., Ltd., a related party of the Group in November 2020.

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19. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>
Deferred service fee	67,485	6,890
Compensation payable related to guarantee obligation on borrowers' defaults	21,912	—
Deferred government grants	19,000	14,000
Notes payable*	20,000	—
Professional and other service fees payable	11,746	9,791
Payroll Payable	7,209	4,213
Payables to individual investors and financial partners for collecting principal and interests on behalf of borrowers	—	6,677
Contingent investment consideration payable	4,728	7,995
Others	5,865	10,188
Total	<u>157,945</u>	<u>59,754</u>

* Notes payable was pledged with restricted cash with balance of US\$3,200 as of December 31, 2019.

20. 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. 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.

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21. 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%. 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 and 2020 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 and 2020.

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, Sky City WFOE was 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 the year ended December 31, 2019, in which its taxable income is greater than zero, followed by a three-year 50% exemption.

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21. 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, as long as it obtains approval from the relevant tax authority, and is profitable during the period, it could apply the income tax rate of 15%.

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, 2018 and 2019, the Group did not have operations outside of the PRC, thus would not be subject to this tax. 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, etc., of a non-PRC company is located.” Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered as a resident enterprise for the PRC tax purposes for the year ended December 31, 2020.

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:

	<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current income tax expense	42,610	19,231	2,281
Deferred income tax (benefit)/expense	(36,901)	(17,263)	46,915
Income tax expense	<u>5,709</u>	<u>1,968</u>	<u>49,196</u>

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21. Taxation (Continued)

The following table sets forth reconciliation between the statutory EIT rate and the effective tax rates:

	For the year ended December 31,		
	2018	2019	2020
Statutory income tax rate in PRC	25.00%	25.00%	25.00%
Tax effect of different tax rates in other jurisdictions	2.73%	(0.04)%	(0.01)%
Tax effect of unrecognized loss	5.29%	(0.09)%	0.00%
Tax effect of tax-exempt entities	429.86%	(5.84)%	(4.69)%
Tax effect of expired tax attribute carryforwards	0.00%	(0.01)%	(0.86)%
Tax effect of preferred tax rate	(93.64)%	5.40%	(1.55)%
Tax effect of R&D expense additional deduction	(87.93)%	0.67%	0.98%
Tax effect of non-deductible interest expenses	0.00	0.00	(1.92)%
Tax effect of goodwill impairment	0.00	0.00	(3.37)%
Tax effect of non-deductible expenses	56.73%	(0.29)%	1.82%
Tax effect of deferred tax effect of tax rate change	0.00%	0.40%	0.13%
Changes in valuation allowance	(265.59)%	(25.42)%	(35.45)%
Effective tax rate	<u>72.45%</u>	<u>(0.22)%</u>	<u>(19.92)%</u>

* Tax-exempt entities represent entities entity incorporated in the Cayman Islands for which the statutory tax rate is zero.

As of December 31, 2019 and 2020, 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. For the years ended December 31, 2018, 2019 and 2020 the Company did not have any significant interest or penalties associated with uncertain tax positions.

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Deferred tax assets and deferred tax liabilities

The following table sets forth the significant components of the deferred tax assets and deferred tax liabilities:

Jurisdictions other than Australia

	December 31,	
	2019	2020
	RMB	RMB
Deferred tax assets:		
Allowance for doubtful accounts and credit losses	263,383	241,248
Impairment of long-term investment	—	1,445
Deductible advertising fees	225	225
Net operating loss carry forwards	37,214	44,371
Guarantee liabilities	36,165	58,555
Deferred revenue from upfront assessment fee under 606	4,776	227
Accrued expenses	667	3,379
Subtotal	342,430	349,450
Less: valuation allowance	(260,002)	(347,240)
Total deferred tax assets, net	<u>82,428</u>	<u>2,210</u>
Deferred tax liabilities:		
Intangible assets acquired in a business combination	(9,343)	(2,911)
Interest income from related parties	(8,410)	—
Total deferred tax liabilities	<u>(17,753)</u>	<u>(2,911)</u>
Net deferred tax asset/(liabilities)	<u>64,675</u>	<u>(701)</u>

Australia

	December 31,	
	2019	2020
	RMB	RMB
Deferred tax assets:		
Net operating loss carry forwards	1,566	2,525
Total deferred tax assets, net	<u>1,566</u>	<u>2,525</u>
Deferred tax liabilities:		
Intangible assets acquired in a business combination	(3,694)	(1,472)
Total deferred tax liabilities	<u>(3,694)</u>	<u>(1,472)</u>
Net deferred tax (liabilities)/assets	<u>(2,128)</u>	<u>1,053</u>

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21. Taxation (Continued)

Changes in valuation allowance are as follows:

	<u>As of December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Balance at beginning of the year	51,027	30,098	260,002
Additions	21,224	245,886	102,398
Reversals	(42,153)	(15,982)	(15,160)
Balance at end of the year	<u>30,098</u>	<u>260,002</u>	<u>347,240</u>

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. Approval from the relevant tax authorities for the deduction of the tax allowance on the 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 this subsidiary 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 RMB229,170 for the deferred tax assets derived from the provision for credit losses related to Jimu Group and the impairment loss on a prepayment of a long term investment, which was considered and assessed by the Group that 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, 2020, the Group provided full valuation allowance of RMB242,616 for the deferred tax assets from Shanghai Anquying, the net income of which dropped significantly during the year ended December 31, 2020 and the Group consider it more likely than not that Shanghai Anquying could not generate sufficient pre-tax profit in the next 5 consecutive years and the deferred tax assets will not be utilized in the future.

As of December 31, 2020, the Group had net operating loss carryforwards of approximately RMB222,717. As of December 31, 2020, the net operating loss carryforwards will expire, if unused, as follows:

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21. Taxation (Continued)

	Net operating loss carryforwards expiring by year					Total
	2021	2022	2023	2024	2025	
Net operating loss carryforwards	7,736	33,489	58,388	58,034	65,070	222,717

22. Share based compensation expenses

For the years ended December 31, 2018, 2019 and 2020, total share based compensation expenses allocated from Jimu Parent were RMB36,496, RMB22,434 and RMB3,712, 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 year ended December 31, 2020 is presented below:

	Options Outstanding	Weighted Average Exercise Price US\$	Weighted Average Remaining Contractual Life (In years)	Average Intrinsic Value RMB
Outstanding as of December 31, 2019	811,643	0.99	5.88	—
Granted	—	—	—	—
Exercised	(652,967)	0.99	—	—
Forfeited	(69,623)	1.00	—	—
Outstanding as of December 31, 2020	<u>89,053</u>	<u>1.00</u>	<u>4.92</u>	<u>—</u>
Vested and exercisable as of December 31, 2020	85,348	1.00	4.92	—

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For the years ended December 31, 2018, 2019 and 2020, 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 RMB26,775, RMB21,125 and RMB3,383, respectively.

As of December 31, 2020, there was no unrecognized share-based compensation expenses related to the share options granted.

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.

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22. Share based compensation expenses (continued)

The activities of the total restricted ordinary shares for the year ended December 31, 2020 are summarized as below:

	<u>Number of shares</u>	<u>Weighted-Average Grant Date Fair Value (in US\$)</u>
Unvested at December 31, 2019	1,137,277	0.42
Granted	—	—
Vested	(112,367)	0.42
Forfeited	(656,292)	0.42
Unvested at December 31, 2020	<u>368,618</u>	0.42

For the years ended December 31, 2018, 2019 and 2020, share-based compensation expenses recognized associated with the restricted ordinary shares and allocated to the Company were RMB9,721, RMB2,055 and RMB329, respectively. As of December 31, 2020, unrecognized compensation cost, adjusted for estimated forfeitures and related to non-vested service-based restricted ordinary shares was RMB1,020.

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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.

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.

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22. Share based compensation expenses (Continued)

In 2018, the Company created a second share incentive plan (the “Second Plan”) under which the maximum aggregate number of shares which may be issued under the Second Plan shall initially equal to 2.0% of the total number of shares issued and outstanding as of the effective date, plus an annual increase on September 1 of each year during the ten-year term of this Second Plan commencing with September 1, 2019, by an amount equal to 2.0% of the total number of shares issued and outstanding on August 31 of each year. Share options under this plan may vest over a service period, performance condition or market condition, as specified in each award. Share options expire ten years from the grant date.

A summary of activities of the service and performance-based share options granted to the employees and directors of the Company for the year ended December 31, 2020 are presented below:

	<u>Options Outstanding</u>	<u>Weighted- Average Exercise Price</u> US\$	<u>Weighted Average Remaining Contractual Life</u> (In years)	<u>Aggregate Intrinsic Value</u> (RMB)
Outstanding as of December 31, 2019	5,577,759	0.1452	8.18	7,342
Granted	4,500,000	0.2876	—	—
Exercised	(2,084,418)	0.0568	—	—
Forfeited	(3,131,272)	0.2356	—	—
Outstanding as of December 31, 2020	<u>4,862,069</u>	0.2566	8.49	1,138
Vested and expected to vest as of December 31, 2020	4,862,069	0.2566	8.49	1,138
Exercisable as of December 31, 2020	3,657,290	0.3319	8.68	898

For the years ended December 31, 2018, 2019 and 2020, share-based compensation expenses recognized/(reversed) associated with share options granted by the company were RMB94,764, RMB(5,333) and RMB8,186 respectively. As of December 31, 2020, there was RMB1,268 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, 2019 and 2020 were \$1.2967, \$0.2018 and \$0.1599, respectively. The total intrinsic value of options exercised during the years ended December 31, 2018, 2019 and 2020, was nil, RMB46,558 and RMB2,365, respectively.

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22. Share based compensation expenses (Continued)

The estimated fair value of option granted in 2018, 2019 and 2020 is estimated on the date of grant using the Binomial option-pricing model with the following assumptions:

	For the year ended December 31,		
	2018	2019	2020
Expected volatility	31.92%~46.00%	38.78%~39.90%	40.61%~40.83%
Risk-free interest rate (per annum)	2.10%~3.19%	1.78%~2.13%	0.73%~0.87%
Exercise multiples	2.2	2.2	2.2
Expected dividend yield	0%	0%	0%
Expected term (in years)	3.8~10	10	5.5~6.25
Fair value of the underlying shares on the date of option grants (in US\$)	1.28~1.59	0.07~0.55	0.11~0.18

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 considering the contractual term of the option and the employee's expected exercise term. The Group has not declared or paid any cash dividends and does not anticipate any dividend payments on its ordinary shares in the foreseeable future.

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23. Related party transactions

The table below sets forth the major related parties and their relationships with the Group as of December 31, 2019 and 2020:

Name of related parties	Relationship with the Group
Jimu Group (“the related party”)	An entity and its certain subsidiaries that have a high percentage of common shareholders with the Group.
BBAE Holdings Limited	An entity which has one common directors of the Board of Directors with the Group before August 22, 2019 who can significantly influence both the entity and the Group
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,		
	2018	2019	2020
	RMB	RMB	RMB
<i>(i) Transactions recorded through statement of operations and comprehensive income/(loss)</i>			
- Cost and expenses allocated from the related party	48,687	24,994	3,712
- Service cost charged by the related party (1)	529,593	200,163	23,052
- Collection service fees charged by Beijing Liangduo and Changsha Liangduo	58,192	63,400	32,176
- Interest income from loans to the related party (4)	—	(43,156)	(31)
- Interest expense on borrowings from the related party (5)	4,094	213	—
<i>(ii) Operating transactions</i>			
- Technical service fee collected by the related party on behalf of the Group (2)	—	(64,078)	—
- Payment for guarantee deposit to the related party (1)	—	(100,269)	(24,788)
- Loan interests collected from the related party (4)	—	3,310	—
- Borrowing interests paid to the related party (5)	(2,259)	(2,047)	—
- Share-based compensation awards to employees of the related party	—	(34,684)	3,471
- Collecting principal and interests from borrowers on behalf of the related party (7)	—	—	363,342
- Repayment of collecting principle and interests from borrowers on behalf of the related party (8)	—	—	(100,000)
<i>(iii) Financing/Investing transactions</i>			
- Net cash advances (to)/from the related party (3)	(445,319)	(697,754)	293
- Principal of loans provided to the related party (4)	(52,048)	(137,000)	(40,000)
- Principal of loans collected from the related party (4)	52,048	122,000	40,000
- Principal of borrowings proceeds from the related party (5)	26,711	—	—
- Principal of borrowings repaid to the related party (5)	(32,150)	(23,831)	—
- Equity transfer consideration paid to the related party (6)	—	(23,000)	—
- Acquisition of Ganzhou Micro Finance from the related party (see - Note 4.(i))	—	(230,000)	—

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23. 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 an asset management 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. Service costs for the year ended December 31, 2020 were charged for the loans facilitated before January 1, 2020 pursuant to the termination agreement.

(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 fees and 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 and Jimu 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 converted to a U.S. dollar-denominated loan with a principal balance of US\$18,401 and an interest rate at 3.5% per annum, maturing on January 31, 2020 and a RMB denominated loan with a principal balance of RMB 154,598 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 2020 and with an interest rate of 7% per annum in 2019, respectively.

(5) The short-term and long-term borrowings from Jimu Group in 2018 bear interest rates of 12% to 12.13% per annum and matured in 2019. During the year ended December 31, 2020, there was no borrowings from Jimu Group.

(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”). On August 31, 2020, the Group obtained 100% equity interest of Qilehui.

(7) The Company has played as a business counter-party with Jimu group including loan borrower referrals and collection channel. For purpose of repayments to Jimu Box’s online platform lenders, the repayments from borrowers in connection with the remaining loans funded by Jimu Box has been collected through the Company and repaid to Jimu Box’s online lenders through custody bank account of Jimu Group.

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23. Related party transactions (continued)

(8) As the custody bank account of Jimu Group established for online lending platform business has been frozen following its insolvency and exit from online lending platform business in February 2020, in order to facilitate Jimu Box's platform unwinding plan, the Company entered into an agreement with Jimu group, under which the Company was obligated to transfer principal and interest collected from the borrowers to the party designated by Jimu group for purpose of Jimu Box's online borrowers repayments to lenders. In September 2020, the Company paid RMB100 million to the party designated by Jimu group according to the agreement and plan to do so for all collected amount of related loans.

(b). Balances with related parties:

	As of December 31,	
	2019	2020
	RMB	RMB
Amounts due from related parties – current:		
Amounts due from Jimu Group	748,427	851,249
Amounts due from other related parties	64	30
Total current amounts due from related parties	748,491	851,279
Allowance for credit losses	(748,427)	(851,249)
Total current amounts due from related parties, net	64	30
Amounts due from Jimu Group – noncurrent	117,589	7,369
Allowance for credit losses	(107,589)	(7,369)
Total noncurrent amounts due from related parties, net	10,000	—
Amounts due to related parties – current:		
Amounts due to Jimu Group	4,503	265,974
Amounts due to other related parties	5,688	5,445
Total	10,191	271,419

The movement of the allowance for credit losses for the years ended December 31, 2019 and 2020 consist of the following:

	For the year ended	
	December 31,	
	2019	2020
	RMB	RMB
Balance at beginning of the year	—	856,016
Additions	890,700	7,818
Charge-offs*	(34,684)	3,471
Foreign currency exchange differences	—	(8,687)
Balance at end of the year	856,016	858,618

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23. Related party transactions (Continued)

(b). Balances with related parties (Continued):

As of December 31, 2019, except for the prepaid consideration for acquisition of Qilehui with an amount of RMB10,000, the Group determined that RMB748,427 of the current balance and RMB107,589 of the noncurrent balance 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 over any other debts of Jimu Group including the balance due to the Group. As a result, a full provision was made to these balances in the year ended December 31, 2019. For the year ended December 31, 2020, the total amounts due from Jimu Group decrease by RMB7,398. The Group made additional provision of RMB7,818 for the year ended December 31, 2020.

* 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 and 2020 as the Group waived this balance.

24. 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 RMB34,225, RMB29,936 and RMB10,613 for the years ended December 31, 2018, 2019 and 2020.

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25. 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,			
	2018	2019	2020	2020
	RMB	RMB	RMB	US\$ Note 2 (f)
Basic loss per ordinary share calculation:				
Numerator:				
Net income/(loss) attributable to Pintec Technology Holdings Limited shareholders	2,171	(905,895)	(293,935)	(45,048)
Accretion on Pre-IPO Preferred Shares redemption value*	(76,770)	—	—	—
Net loss attributable to ordinary shareholders	<u>(74,599)</u>	<u>(905,895)</u>	<u>(293,935)</u>	<u>(45,048)</u>
Denominator:				
Weighted average ordinary shares outstanding-basic and diluted**	<u>101,094,197</u>	<u>282,129,663</u>	<u>297,334,389</u>	<u>297,334,389</u>
Loss per ordinary share basic and diluted	(0.74)	(3.21)	(0.99)	(0.15)

* The accretion of the preferred shares in connection of the Reorganization is calculated as if these preferred shares had been outstanding since January 1, 2018.

** For the years ended December 31, 2018, 2019 and 2020, the Pre-IPO Preferred Shares, convertible loans convertible into ordinary shares, restricted shares, share options and warrants 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 are 29,658,727, 23,228,585 and 64,198,232 respectively, for the years ended December 31, 2018, 2019 and 2020.

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26. 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:

	<u>Payment due by schedule</u>				<u>Total</u>
	<u>Less than 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>More than 3 years</u>	
Office rental	10,926	15,556	14,456	7,228	48,166

For the years ended December 31, 2018, 2019 and 2020, the Group incurred office rental expenses in the amounts of RMB14,250, RMB18,624 and RMB16,410, respectively.

Legal Proceedings

In September 2020, the Company and certain of its officers and directors were named in a putative shareholder class action lawsuit filed in federal court in the United States, captioned Yaroni v. Pinte Technology Holdings Limited, et al., No. 1:20-cv-08062-JMF (U.S. District Court for the Southern District of New York, Amended Complaint filed February 15, 2021). The complaint alleges, in sum and substance, that defendants made material misstatements and omissions in its Registration Statement in connection with the Company's initial public offering in October 2018 in violation of the U.S. Securities Act of 1933. This case remains in its preliminary stages, and the Company cannot predict the timing, outcome or consequences of this class action.

Except for the above, we are not aware of any pending or threatened claims and litigation as of December 31, 2020 and through the issuance date of these consolidated financial statements.

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.

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27. Subsequent events

a) Acquisition of Riche Bright Securities Limited

On April 9, 2021, the Group entered into an agreement to acquire all equity interest in Riche Bright Securities Limited (“RB”), a securities brokerage firm based in Hong Kong. RB is a registered securities dealer with the HK Securities and Futures Commission under a Type 1 license. In connection with the acquisition, the Company agreed to issue 35,000,000 non-voting ordinary shares (the “Consideration Shares”) to RB’s original shareholder as the consideration for the sale of RB’s equity interest. The Consideration Shares will be issued in reliance upon an exemption or exclusion from the registration requirement under Section 5 of the Securities Act of 1933, as amended.

b) Acquisition of Shenzhen Jishengtai Technology Co. Ltd

On April 12, 2021, the Company entered into an agreement to acquire all of equity interest in Shenzhen Jishengtai Technology Co. Ltd (“JST”), a securities technology firm based in Shenzhen, China. JST internally designs and fully implements an end-to-end Broker Supplied System (BSS) for automatic order matching and execution of securities trading, which is the core backbone system of RB, a Hong Kong securities brokerage firm that the Company acquired on April 9, 2021. In connection with the acquisition, the Company agreed to issue certain non-voting ordinary shares (the “Consideration Shares”) to JST’s original shareholders as the consideration for the sale of JST’s equity interest. The Consideration Shares consists of a fixed base of 38,098,200 shares and an additional maximum of 45,098,200 shares, which is subject to downward adjustment based on certain performance targets of RB subsequent to its acquisition. The Consideration Shares will be issued in reliance upon an exemption or exclusion from the registration requirement under Section 5 of the Securities Act of 1933, as amend.

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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,		
	2019 RMB	2020 RMB	2020 US\$ Note 2 (f)
ASSETS			
Current assets:			
Cash and cash equivalents	7,608	3,467	531
Prepayments and other current assets	224	352	54
Amounts due from subsidiaries of the Company	631,080	305,780	46,865
Total current assets	638,912	309,599	47,450
Non-current assets:			
Long-term investments	13,445	—	—
Total non-current assets	13,445	—	—
TOTAL ASSETS	652,357	309,599	47,450
LIABILITIES			
Current liabilities:			
Amounts due to subsidiaries of the Company	444,316	415,572	63,690
Accrued expenses and other liabilities	10,531	12,010	1,841
Total current liabilities	454,847	427,582	65,531
Non-current liabilities:			
Consideration payable for acquisition	7,982	954	146
Total non-current liabilities	7,982	954	146
TOTAL LIABILITIES	462,829	428,536	65,677
Commitments and contingencies (Note 26)			
SHAREHOLDERS' EQUITY (DEFICIT)			
Class A Ordinary Shares (US\$ 0.000125 par value per share; 348,217,505 shares authorized as of December 31, 2019 and 2020; 244,499,207 and 247,852,996 shares outstanding as of December 31, 2019 and 2020)	212	232	36
Class B Ordinary Shares (US\$ 0.000125 par value per share; 51,782,495 shares authorized as of December 31, 2019 and 2020; 50,939,520 and 50,939,520 shares outstanding as of December 31, 2019 and 2020)	42	42	6
Additional paid-in capital	1,977,365	1,985,792	304,336
Accumulated other comprehensive income	42,890	19,913	3,052
Accumulated deficit	(1,830,981)	(2,124,916)	(325,657)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	189,528	(118,937)	(18,227)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	652,357	309,599	47,450

PINTEC TECHNOLOGY HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(RMB in thousands, except for share data and per share data, or otherwise noted)

Condensed statements of operations and comprehensive income/(loss) (In thousands)

	For the year ended December 31,			
	2018	2019	2020	2020
	RMB	RMB	RMB	US\$
				Note 2 (f)
Operating expenses:				
Sales and marketing expenses	(11,137)	(2,772)	(3,182)	(488)
General and administrative expenses	(107,158)	(204,810)	(22,839)	(3,500)
Research and development expenses	(18,675)	(3,247)	(1,644)	(252)
Total operating expenses	(136,970)	(210,829)	(27,665)	(4,240)
Change in fair value of convertible loans	(9,553)	—	—	—
Equity in gain/(loss) of subsidiaries	141,454	(694,808)	(255,604)	(39,173)
Share of loss from equity method investments	(1,689)	(5,972)	(9,697)	(1,486)
Other income/(expense), net	8,929	(1,318)	(969)	(149)
Interest income from related parties	—	7,032	—	—
Income/(loss) before income tax expense	2,171	(905,895)	(293,935)	(45,048)
Income tax expense	—	—	—	—
Net income/(loss)	2,171	(905,895)	(293,935)	(45,048)
Other comprehensive income/(loss):				
Foreign currency translation adjustments net of nil tax	30,173	11,876	(22,977)	(3,521)
Total other comprehensive income/(loss)	30,173	11,876	(22,977)	(3,521)
Total comprehensive income/(loss)	32,344	(894,019)	(316,912)	(48,569)

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,			
	2018 RMB	2019 RMB	2020 RMB	2020 US\$ Note 2 (f)
Net cash used in operating activities	(9,529)	(7,261)	(20,972)	(3,216)
Cash flows from investing activities:				
Net cash advances (to)/from subsidiaries	(579,141)	(203,956)	74,238	11,377
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	—	—
Collection of loan from a third party	—	135,296	—	—
Purchase of Infrarisk, net of cash acquired (Note 4)	—	(3,650)	(4,911)	(753)
Investment in a subsidiary	—	(5,196)	—	—
Net cash (used in)/provided by investing activities	(882,429)	(56,903)	69,327	10,624
Cash flows from financing activities:				
Proceeds from issuance of convertible loans	21,730	—	—	—
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	20	3
Net cash provided by financing activities	748,467	26	20	3
Effect of exchange rate changes on cash, cash equivalents	30,378	2,552	(52,516)	(8,046)
Net decrease in cash, cash equivalents	(113,113)	(61,586)	(4,141)	(635)
Cash and cash equivalents at beginning of the year	182,307	69,194	7,608	1,166
Cash and cash equivalents at end of the year	69,194	7,608	3,467	531

THE COMPANIES LAW (2020 REVISION)**OF THE CAYMAN ISLANDS****COMPANY LIMITED BY SHARES****FOURTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION****OF****PINTEC TECHNOLOGY HOLDINGS LIMITED**

(adopted by a Special Resolution passed on 25 September 2020)

1. The name of the Company is Pintec Technology Holdings Limited.
2. The Registered Office of the Company will be situated 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, or at such other location within the Cayman Islands as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.
7. The authorised share capital of the Company is US\$250,000 divided into 2,000,000,000 shares of a par value of US\$0.000125 each, comprising of (i) 1,750,000,000 Class A Ordinary Shares of a par value of US\$0.000125 each, and (ii) 250,000,000 Class B Ordinary Shares of a par value of US\$0.000125 each. Subject to the Companies Law and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company has the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.
9. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2020 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

**FOURTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION**

OF

PINTEC TECHNOLOGY HOLDINGS LIMITED

(adopted by a Special Resolution passed on 25 September 2020)

TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

“ADS”	means an American Depositary Share representing Class A Ordinary Shares;
“Affiliate”	means in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (i) in the case of a natural person, shall include, without limitation, such person’s spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term “control” shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;
“Articles”	means these articles of association of the Company, as amended or substituted from time to time;
“Board” and “Board of Directors” and “Directors”	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
“Chairman”	means the chairman of the Board of Directors;
“Class” or “Classes”	means any class or classes of Shares as may from time to time be issued by the Company;

“Class A Ordinary Share”	means a Class A Ordinary Share of a par value of US\$0.000125 in the capital of the Company and having the rights provided for in these Articles;
“Class B Ordinary Share”	means a Class B Ordinary Share of a par value of US\$0.000125 in the capital of the Company and having the rights provided for in these Articles;
“Commission”	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
“Company”	means Pintec Technology Holdings Limited, a Cayman Islands exempted company;
“Companies Law”	means the Companies Law (2020 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
“Company’s Website”	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;
“Core Founder”	refer to Mr. Wei Wei, Mr. Jun Dong and Ms. Xiaomei Peng, each of whom is referred to as a “Core Founder”;
“Designated Stock Exchange”	means the stock exchange in the United States on which any Shares and ADSs are listed for trading;
“Designated Stock Exchange Rules”	means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;
“electronic”	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
“electronic communication”	means electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
“Electronic Transactions Law”	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
“electronic record”	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
“Memorandum of Association”	means the memorandum of association of the Company, as amended or substituted from time to time;
“Ordinary Resolution”	means a resolution: <ul style="list-style-type: none"> (a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company held in accordance with these Articles; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;

“Ordinary Share”	means a Class A Ordinary Share or a Class B Ordinary Share;
“paid up”	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
“Person”	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
“Register”	means the register of Members of the Company maintained in accordance with the Companies Law;
“Registered Office”	means the registered office of the Company as required by the Companies Law;
“Seal”	means the common seal of the Company (if adopted) including any facsimile thereof;
“Secretary”	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
“Securities Act”	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
“Share”	means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;
“Shareholder” or “Member”	means a Person who is registered as the holder of one or more Shares in the Register;
“Share Premium Account”	means the share premium account established in accordance with these Articles and the Companies Law;
“signed”	means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
“Special Resolution”	means a special resolution of the Company passed in accordance with the Companies Law, being a resolution: <ul style="list-style-type: none"> (a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;

- “Treasury Share”** means a Share held in the name of the Company as a treasury share in accordance with the Companies Law; and
- “United States”** means the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

2. In these Articles, save where the context requires otherwise:
- (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
 - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
 - (d) reference to a dollar or dollars (or US\$) and to a cent or cents is reference to dollars and cents of the United States of America;
 - (e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;
 - (g) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;
 - (h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;
 - (i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transaction Law; and
 - (j) Sections 8 and 19(3) of the Electronic Transactions Law shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be conducted as the Directors see fit.
5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.

7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

SHARES

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:
- (a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;
 - (b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and
 - (c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.
9. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by an Ordinary Resolution. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 12, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:
- (a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;
 - (b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;
 - (c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;
 - (d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;
 - (e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;
 - (f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

- (g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;
- (h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;
- (i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and
- (j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued. The Company shall not issue Shares to bearer.

- 10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.
- 11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

MODIFICATION OF RIGHTS

- 12. Whenever the capital of the Company is divided into different Classes the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, only 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 the Shares of that Class by the holders of two-thirds of the issued Shares of that Class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of that Class shall on a poll have one vote for each Share of that Class held by him. For the purposes of this Article, the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.
- 13. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any Class by the Company. 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.

CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES

14. 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. Each Class B Ordinary Share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at general meetings of the Company, and each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, until the earlier of (i) the date when the Core Founders on an aggregate basis cease to beneficially own no less than 40% of the total issued and outstanding Class B Ordinary Shares immediately prior to the initial public offering of the Company, as adjusted for share splits, share dividends, recapitalization and the like, or (ii) the seventh (7th) anniversary date of the completion of the initial public offering of the Company. Immediately following the earlier of the foregoing dates, each Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company.
15. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares.
16. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Ordinary Share as a Class A Ordinary Share. Such conversion shall become effective forthwith upon entries being made in the Register to record the re-designation of the relevant Class B Ordinary Shares as Class A Ordinary Shares.
17. Each Class B Ordinary Share shall automatically be re-designated into one Class A Ordinary Share without any action being required by its holder and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent, if at any time the relevant Core Founder, who is the beneficial owner of such Class B Ordinary Share, ceases to be a director or employee of the Company or ceases to have the capability to make business decisions on behalf of the Company due to health reasons.
18. Upon any sale, transfer, assignment or disposition of any Class B Ordinary Share by a holder thereof or an Affiliate of such holder to any person or entity who is not an Affiliate of any of the Core Founders, or upon a change of ultimate beneficial ownership of any Class B Ordinary Share to any Person or entity who is not an Affiliate of any of the Core Founders, such Class B Ordinary Share shall be automatically and immediately converted into one Class A Ordinary Share. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in its Register; and (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the relevant Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares. For purpose of this Article 18, beneficial ownership shall have the meaning set forth in Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended.
19. Save and except for voting rights and conversion rights as set out in Articles 14 to 19 (inclusive), the Class B Ordinary Shares and the Class A Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

CERTIFICATES

20. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register.

21. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
22. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one dollar (US\$1.00) or such smaller sum as the Directors shall determine.
23. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
24. In the event that Shares are held jointly by several Persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

FRACTIONAL SHARES

25. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

LIEN

26. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.
27. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.
28. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
29. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

CALLS ON SHARES

30. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
31. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
32. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
33. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
34. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.
35. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

36. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
37. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.
38. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
39. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
40. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

41. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.
42. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

44. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.
45. (a) The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien.
(b) The Directors may also decline to register any transfer of any Share unless:
 - (i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (ii) the instrument of transfer is in respect of only one Class of Shares;
 - (iii) the instrument of transfer is properly stamped, if required;
 - (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and
 - (v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.
46. The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty calendar days in any calendar year.

47. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within three calendar months after the date on which the transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

TRANSMISSION OF SHARES

48. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.
49. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
50. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

REGISTRATION OF EMPOWERING INSTRUMENTS

51. The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

ALTERATION OF SHARE CAPITAL

52. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.
53. The Company may by Ordinary Resolution:
- (a) increase its share capital by new Shares of such amount as it thinks expedient;
 - (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
 - (c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, 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; and
 - (d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled.
54. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Companies Law.

REDEMPTION, PURCHASE AND SURRENDER OF SHARES

55. Subject to the provisions of the Companies Law and these Articles, the Company may:
- (a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by either the Board or by the Shareholders by Special Resolution;
 - (b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner and terms as have been approved by the Board or by the Members by Ordinary Resolution, or are otherwise authorised by these Articles; and
 - (c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.
56. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.
57. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.
58. The Directors may accept the surrender for no consideration of any fully paid Share.

TREASURY SHARES

59. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
60. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

GENERAL MEETINGS

61. All general meetings other than annual general meetings shall be called extraordinary general meetings.
62. (a) The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.
- (b) At these meetings the report of the Directors (if any) shall be presented.
63. (a) The Chairman or a majority of the Directors may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (b) A Shareholders' requisition is a requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.
- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

- (d) If the Directors do not within twenty-one calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one calendar days.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

- 64. At least ten (10) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
 - (a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and
 - (b) in the case of an extraordinary general meeting, by two-thirds (2/3rd) of the Shareholders having a right to attend and vote at the meeting, present in person or by proxy or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy.
- 65. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 66. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative, shall be a quorum for all purposes.
- 67. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.
- 68. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, participation in any general meeting of the Company may be by means of a telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
- 69. The Chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.
- 70. If there is no such Chairman of the Board of Directors, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders present in person or by proxy shall choose any Person present to be chairman of that meeting.

71. The chairman may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
72. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.
73. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the meeting or any Shareholder present in person or by proxy, and unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
74. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
75. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Law. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
76. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF SHAREHOLDERS

77. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall have such number of votes for each Class B Ordinary Share and each Class A Ordinary Share of which he is the holder as provided for in Article 14.
78. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
79. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.
80. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.

81. On a poll votes may be given either personally or by proxy.
82. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
83. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
84. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The Chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
85. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
86. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

87. Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

DEPOSITARY AND CLEARING HOUSES

88. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

DIRECTORS

89. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, the exact number of Directors to be determined from time to time by the Board of Directors.
- (b) The Board of Directors shall elect and appoint a Chairman by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.
- (c) The Company may by Ordinary Resolution appoint any person to be a Director.
- (d) The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a casual vacancy on the Board or as an addition to the existing Board.
- (e) An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the Company and the Director, if any; but no such term shall be implied in the absence of express provision. Each Director whose term of office expires shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.
90. A Director may be removed from office by Ordinary Resolution of the Company, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.
91. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.
92. Subject to applicable laws, including the Securities Act, the Designated Stock Exchange Rules, and provisions of these Articles, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid, provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be fully disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon. Notwithstanding any of the foregoing, if a Director (or his/her alternate in his/her absence) is interested in a transaction with the Company (other than transactions with Jimu Holdings Limited or any of its affiliates occurred in the ordinary course of business of the Company and on an arms' length basis), such Director shall be disqualified from or abstain from voting in respect of such transaction if any other Director so requires.

93. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.
94. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.
95. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

ALTERNATE DIRECTOR OR PROXY

96. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director of the Company and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.
97. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

98. Subject to the Companies Law, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
99. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall *ipso facto* terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

100. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.
101. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
102. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such Person being an "Attorney" or "Authorised Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.
103. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
104. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.
105. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
106. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

BORROWING POWERS OF DIRECTORS

107. The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

108. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
109. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.
110. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

DISQUALIFICATION OF DIRECTORS

111. The office of Director shall be vacated, if the Director:
 - (a) becomes bankrupt or makes any arrangement or composition with his creditors;
 - (b) dies or is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company;
 - (d) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated; or
 - (e) is removed from office pursuant to any other provision of these Articles.

PROCEEDINGS OF DIRECTORS

112. The Directors may meet together (either within or without the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any meeting of the Directors, each Director present in person or represented by his proxy or alternate shall be entitled to one vote. In case of an equality of votes the Chairman shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
113. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
114. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

115. A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. A Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.
116. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
117. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
118. The Directors shall cause minutes to be made for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
119. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
120. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.
121. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

122. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
123. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
124. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

125. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS

126. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
127. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
128. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
129. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.
130. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

131. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.
132. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.
133. No dividend shall bear interest against the Company.
134. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

135. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
136. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
137. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
138. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.
139. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
140. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
141. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.
142. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

CAPITALISATION OF RESERVES

143. Subject to the Companies Law, the Directors may:
 - (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;

- (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
 - (ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

- (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
- (d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:
 - (i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or
 - (ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,and any such agreement made under this authority being effective and binding on all those Shareholders; and
- (e) generally do all acts and things required to give effect to the resolution.

144. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

- (a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;
- (b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or
- (c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

SHARE PREMIUM ACCOUNT

145. The Directors shall in accordance with the Companies Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
146. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Law, out of capital.

NOTICES

147. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
148. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognised courier service.
149. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
150. Any notice or other document, if served by:
 - (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted;
 - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
 - (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
 - (d) electronic means, shall be deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Shareholder to the Company or (ii) upon the time of its placement on the Company's Website.In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.
151. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

152. Notice of every general meeting of the Company shall be given to:
- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
 - (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.
- No other Person shall be entitled to receive notices of general meetings.

INFORMATION

153. Subject to the relevant laws, rules and regulations applicable to the Company, no Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.
154. Subject to due compliance with the relevant laws, rules and regulations applicable to the Company, the Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

155. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) 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 Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
156. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or
 - (b) for any loss on account of defect of title to any property of the Company; or
 - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
 - (d) for any loss incurred through any bank, broker or other similar Person; or
 - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
 - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;
- unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

FINANCIAL YEAR

157. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each calendar year and shall begin on January 1st in each calendar year.

NON-RECOGNITION OF TRUSTS

158. No Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

WINDING UP

159. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Law, divide amongst the Members in species or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.
160. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF ARTICLES OF ASSOCIATION

161. Subject to the Companies Law, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

CLOSING OF REGISTER OR FIXING RECORD DATE

162. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.
163. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

164. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

165. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DISCLOSURE

166. The Directors, or any service providers (including the officers, the Secretary and the registered office agent of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority or to any stock exchange on which securities of the Company may from time to time be listed any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

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 January 21, 2021.

Party A: Pintec (Beijing) Technology Co., Ltd.

Party B: Pintec Jinke (Beijing) Technology Information 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. **Amendment and Supplement**

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. **Language and Counterparts**

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——

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ Xin Sun

Party B:

Pintec Jinke (Beijing) Technology Information Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Technology Information Co., Ltd.

Legal representative: /s/ Shixin Wei

Exclusive Option Agreement

This Exclusive Option Agreement (hereinafter referred to as this “**Agreement**”) was entered into by and among the following parties on January 21, 2021 in Beijing, China:

Party A: Pintec (Beijing) Technology Co., Ltd.

Party B: Wei Wei, ID card No.: ***;
Sun Xin, ID card No.: ***;

Party C: Pintec Jinke (Beijing) Technology Information 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. Effective Date

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. Applicable Laws and Dispute Resolution

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. Taxes and Expenses

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 -

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ Xin Sun

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

Sun Xin

Signature: /s/ Sun Xin

Party C:

Pintec Jinke (Beijing) Technology Information Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Technology Information Co., Ltd.

Legal representative: /s/ Shixin Wei

Share Pledge Agreement

This Share Pledge Agreement (hereinafter referred to as this “**Agreement**”) was entered into by and among the following parties on January 21, 2021 in Beijing China:

Party A: Pintec (Beijing) Technology Co., Ltd. (hereinafter referred to as the “Pledgee”)

Party B: Wei Wei, ID card No.: ***;
Sun Xin, ID card No.: ***;
(Hereinafter collectively referred to as the “**Pledgors**”)

Party C: Pintec Jinke (Beijing) Technology Information 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 January 21, 2021; the Pledgors, Party C, and the Pledgee have entered into the Exclusive Option Agreement (hereinafter referred to as the “**Exclusive Option Agreement**”) on January 21, 2021; 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 January 21, 2021;

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 effectively 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 Sun Xin, 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; 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. Right of Pledge

- 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 share 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. Term of Pledge

- 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 share 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 share pledge registration formalities, obtain the registration notice issued by the Registration Authority, and have the Registration Authority fully and accurately record the share pledge matter in the share pledge register within 20 working days from the date when the Registration Authority officially accepts the application for share 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. Retention of Share Records

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. Representations and Warranties of the Pledgors

- 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. Event of Default

- 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. Transfer

- 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 share pledge under this Agreement as soon as practical, and cooperate with the Pledgors in deregistering the share 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 Share 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 Share Pledge Agreement.

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ Xin Sun

There is no text on this page, which is the signature page of the Share Pledge Agreement.

Party B:

Wei Wei

Signature: /s/ Wei Wei

Sun Xin

Signature: /s/ Xin Sun

There is no text on this page, which is the signature page of the Share Pledge Agreement.

Party C:

Pintec Jinke (Beijing) Technology Information Co., Ltd. (Stamp)

/s/ Pintec Jinke (Beijing) Technology Information Co., Ltd.

Legal representative: /s/ Shixin Wei

Register of Shareholders of Pintec Jinke (Beijing) Technology Information Co., Ltd.

January 21, 2021

<u>Investment Certificate No.</u>	<u>Name of Shareholder</u>	<u>Address</u>	<u>Contribution Amount (Ten thousands)</u>	<u>Capital Contribution</u>
01	Wei Wei	***	20,000	Ratio of investments:50.00% The 50.00% equity interests have been fully pledged to Pintec (Beijing) Technology Co., Ltd.
02	Sun Xin	***	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) Technology Information Co., Ltd. (Stamp)				
Legal representative:				

Power of Attorney

This Power of Attorney (hereinafter referred to as this “**Agreement**”) was entered into by and between the following Parties on January 21, 2021 in Beijing, China:

Party A: Pintec (Beijing) Technology Co., Ltd.

Party B: Sun Xin, ID card No.: ***

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 -

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ Xin Sun

Party B:

Xin Sun

Signature: /s/ Xin Sun

Power of Attorney

This Power of Attorney (hereinafter referred to as this **“Agreement”**) was entered into by and between the following Parties on January 21, 2021 in Beijing, China:

Party A: Pintec (Beijing) Technology Co., Ltd.

Party B: Wei Wei, ID card No.: ***

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 -

Party A:

Pintec (Beijing) Technology Co., Ltd. (Stamp)

/s/ Pintec (Beijing) Technology Co., Ltd.

Legal representative: /s/ Xin Sun

Party B:

Wei Wei

Signature: /s/ Wei Wei

Letter of Consent

I, Yansi Tang (ID card No.: 62042119810303092x), is the lawful spouse of Sun Xin. I hereby unconditionally and irrevocably consent to the following documents (hereinafter referred to as “**Transaction Documents**”) executed by Sun Xin on January 21, 2021, and agree to dispose of, in accordance with the provisions of the transaction documents, the shares held by and registered under the name of Sun Xin in Pintec Jinke (Beijing) Technology Information Co., Ltd. (hereinafter referred to as the “**Chinese Company**”):

- (1) The Share Pledge Agreement executed with Pintec (Beijing) Technology Co., Ltd. (hereinafter referred to as “**Pintec (Beijing)**”), the Chinese Company, and all shareholders of the Chinese Company;
- (2) The Exclusive Option Agreement executed with Pintec (Beijing), the Chinese Company, and all shareholders of the Chinese Company; and
- (3) The Power of Attorney executed with Pintec (Beijing).

I confirm that, I have no rights and interests in the shares of the Chinese Company, and undertake not to raise any claim with respect to the shares of the Chinese Company. I further confirm that, the performance of the Transaction Documents and further modification or termination of the Transaction Documents by Sun Xin are not subject to my separate authorization or consent.

I undertake to sign all necessary documents and take all necessary actions to ensure the proper performance of the Transaction Documents (as amended from time to time).

I agree and undertake that, if I obtain any shares in the Chinese Company for any reasons, I shall be subject to the Transaction Documents (as amended from time to time), and shall abide by the obligations under the Transaction Documents (as amended from time to time) as a shareholder of the Chinese Company; for this purpose, at the request of Pintec (Beijing), I shall sign a series of written documents substantially identical to the Transaction Documents (as amended from time to time) in form and in essence.

I further confirm, undertake, and warrant that, under any circumstances, including but not limited to divorce between my spouse and I, my spouse has the right to solely dispose of the shares that my spouse holds in the Chinese Company and corresponding assets, and I will not conduct any act that may affect or hinder my spouse from performing the obligations under the Transaction Documents.

The execution, validity, construction, performance, amendment, and termination of this Letter of Consent and the resolution of disputes hereunder shall be governed by the laws of China. In the event of any dispute arising from the construction and performance of this Letter of Consent, the parties to this Letter of Consent shall first resolve such dispute through friendly negotiation. If the dispute remains unsolved within thirty (30) days after a Party sends a written notice to the other Party, requiring the negotiation to solve the dispute, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for solution by the Commission in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the language to be used shall be Chinese. The arbitration award shall be final, and be binding on the Parties.

Signature: /s/ Yansi Tang

Name: Yansi Tang

Date: January 21, 2021

Letter of Consent

I, Fangyi Chen (passport No.: PA9416427), is the lawful spouse of Wei Wei. I hereby unconditionally and irrevocably consent to the following documents (hereinafter referred to as **“Transaction Documents”**) **executed by Wei Wei on January 21, 2021, and agree to dispose of, in accordance with the provisions of the transaction documents, the shares held by and registered under the name of Wei Wei in Pintec Jinke (Beijing) Technology Information Co., Ltd. (hereinafter referred to as the “Chinese Company”)**:

- (1) The Share Pledge Agreement executed with Pintec (Beijing) Technology Co., Ltd. (hereinafter referred to as **“Pintec (Beijing)”**), the Chinese Company, and all shareholders of the Chinese Company;
- (2) The Exclusive Option Agreement executed with Pintec (Beijing), the Chinese Company, and all shareholders of the Chinese Company; and
- (3) The Power of Attorney executed with Pintec (Beijing).

I confirm that, I have no rights and interests in the shares of the Chinese Company, and undertake not to raise any claim with respect to the shares of the Chinese Company. I further confirm that, the performance of the Transaction Documents and further modification or termination of the Transaction Documents by Wei Wei are not subject to my separate authorization or consent.

I undertake to sign all necessary documents and take all necessary actions to ensure the proper performance of the Transaction Documents (as amended from time to time).

I agree and undertake that, if I obtain any shares in the Chinese Company for any reasons, I shall be subject to the Transaction Documents (as amended from time to time), and shall abide by the obligations under the Transaction Documents (as amended from time to time) as a shareholder of the Chinese Company; for this purpose, at the request of Pintec (Beijing), I shall sign a series of written documents substantially identical to the Transaction Documents (as amended from time to time) in form and in essence.

I further confirm, undertake, and warrant that, under any circumstances, including but not limited to divorce between my spouse and I, my spouse has the right to solely dispose of the shares that my spouse holds in the Chinese Company and corresponding assets, and I will not conduct any act that may affect or hinder my spouse from performing the obligations under the Transaction Documents.

The execution, validity, construction, performance, amendment, and termination of this Letter of Consent and the resolution of disputes hereunder shall be governed by the laws of China. In the event of any dispute arising from the construction and performance of this Letter of Consent, the parties to this Letter of Consent shall first resolve such dispute through friendly negotiation. If the dispute remains unsolved within thirty (30) days after a Party sends a written notice to the other Party, requiring the negotiation to solve the dispute, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for solution by the Commission in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the language to be used shall be Chinese. The arbitration award shall be final, and be binding on the Parties.

Signature: /s/ Fangyi Chen

Name: Fangyi Chen

Date: January 21, 2021

Termination Agreement

This Termination Agreement (hereinafter referred to as this “**Termination Agreement**”) is entered into by and among the following parties in Chaoyang District, Beijing on April 30, 2020:

Party A: Pintec (Beijing) Technology Co., Ltd., a limited liability company incorporated and existing under the laws of the People’s Republic of China (“**China**,” for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), having its registered address at 2025, 2/F Bowangyuan Podium, Yangfangdian Subdistrict, Haidian District, Beijing;

Party B: Wei Wei, a Chinese citizen, holding the ID Card No.: ***;
Peng Xiaomei, a Chinese citizen, holding the ID Card No.: ***; and

Party C: Xuanji Intelligence (Beijing) Technology Co., Ltd., a limited liability company incorporated and existing under the laws of China, having its registered address at 9016, 9/F, No. 17 East Sanhuan North Road, Chaoyang District, Beijing.

In this Termination Agreement, Party A, Party B, and Party C are referred to individually as a “Party” and collectively as the “Parties.”

Whereas:

1. Party B has entered into the *Exclusive Option Agreement* with Party A and Party C on December 13, 2017, by which Party B grants the right to Party A for purchasing the total 100% equity interests held by Party B in Party C;
2. Party A has entered into the *Exclusive Business Cooperation Agreement* with Party C on December 13, 2017;

3. Party B has entered into the *Equity Interest Pledge Agreement* with Party A and Party C on December 13, 2017, by which Party B agrees to pledge to Party A the total 100% equity interests it holds in Party C;
4. Party B has signed the *Power of Attorney* on December 13, 2017 (collectively with the *Exclusive Option Agreement*, *Exclusive Business Cooperation Agreement*, and *Equity Interest Pledge Agreement*, the “**Control Agreements**”) with Party A; and
5. The Parties intend to terminate the Control Agreements above.

The Parties hereby reach this Termination Agreement with the provisions as follows via equal and friendly negotiation, which are to be jointly complied with:

- Article 1 Party A, Party B, and Party C uniformly agree that, the Control Agreements above executed among Party A, Party B, and Party C shall terminate to be effective from the effective date of this Termination Agreement.
- Article 2 From the date on which the Control Agreements are invalidated, the rights and obligations of Party A, Party B, and Party C under the Control Agreements shall be terminated, and Party A, Party B, and Party C shall no longer enjoy or undertake any rights, obligations, and liabilities arising on the basis of the Control Agreements. Each Party automatically waives any right of recourse and right of claim (if any) against other Parties under such Control Agreements.
- Article 3 This Termination Agreement is governed by the laws of China. In the event of any dispute, the Parties shall resolve such dispute via friendly negotiation. If the Parties fail to resolve such dispute within 30 days after any Party’s request to the other Parties for resolving the dispute via 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.
- Article 4 This Termination Agreement shall become effective as from the date of execution. This Termination Agreement is made in four originals, each Party holds one original, and each original shall have the same legal force.

Now therefore, this Termination Agreement is duly executed on the date first written above.

[No text below]

Party A:

Pintec (Beijing) Technology Co., Ltd. (Seal)

By: /s/ Wei Wei

Name: Wei Wei

Title: Legal representative

Party B:

Wei Wei

By: /s/ Wei Wei

Xiaomei Peng

By: /s/ Xiaomei Peng

Party C:

Xuanji Intelligence (Beijing) Technology Co., Ltd. (Seal)

By: /s/ Jing He

Name: Jing He

Title: Legal representative

Equity Interest Transfer Agreement

This Equity Interest Transfer Agreement (this "Agreement") is entered into by and between the following parties in Chaoyang District, Beijing on April 30, 2020:

1. Transferor:

Peng Xiaomei, a citizen of the People's Republic of China ("China", for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), holding the ID card No.: ***.

2. Transferee:

Liu Yang, a Chinese citizen, holding the ID card No.: ***.

Whereas:

1. Xuanji Intelligence (Beijing) Technology Co., Ltd. (hereinafter referred to as the "Company") is a limited liability company incorporated under the laws of China, having the registered capital of RMB 50.00 million. The Transferor holds RMB 11.00 million in the registered capital of the Company as of the execution date of this Agreement.
2. Upon friendly negotiation between the Transferor and Transferee, the Transferor intends to transfer to the Transferee RMB 11.00 million in the registered capital of the Company (this "Equity Interest Transfer", i.e. 22% equity interests in the Company ("Target Equity Interests").

The Parties hereby reach this Agreement with respect to the Equity Interest Transfer.

Article 1 Equity Interest Transfer

- 1.1 Based on the terms and conditions provided herein, the Transferor agrees to transfer the Target Equity Interests to the Transferee at the consideration of RMB 6.60 million ("Equity Interest Transfer Consideration"), and the Transferee agrees to accept such Target Equity Interests based on the terms and conditions provided herein.

- 1.2 The Parties agree that, the Transferee shall, within five (5) working days following the satisfaction of all the prerequisites provided in Article 2 hereof or waiver by the Transferee in writing, or within another period agreed between the Parties, remit the Equity Interest Transfer Consideration at the amount provided in Article 1.1 hereof to an account designated by the Transferor (“Closing”, the date of Closing, “Closing Date”). The Parties agree that, the Transferee’s obligations of paying the Equity Interest Transfer Consideration hereunder are fulfilled after the Transferee pays the Equity Interest Transfer Consideration as provided in this article.
- 1.3 To meet the registration requirements of Beijing Administration for Market Regulation or its offices (“Administration for Industry and Commerce”), the Transferee and Transferor may enter into an equity interest transfer agreement separately with respect to this Equity Interest Transfer, the terms and conditions of which shall be substantially same as this Agreement, and in the event of any provisions different from this Agreement, the provisions of this Agreement prevail.
- 1.4 After the Closing, the Company shall complete change registration formalities with the administration for industry and commerce for this Equity Interest Transfer within ninety (90) days following the Closing Date, and provide the Transferee with a duplicate of the new corporation business license issued by the Administration for Industry and Commerce.

Article 2 Prerequisites

The Closing obligations of the Transferee in Article 1.2 hereof are subject to the satisfaction or waiver, in writing, by the Transferee of all the following prerequisites on or prior to the Closing Date:

- 2.1 The Parties have entered and delivered this Agreement, agreeing to be bound by this Agreement, exercise relevant rights, and perform relevant obligations;
- 2.2 The Transferee has signed new articles of association and a concerted action agreement with Shenzhen Xiaogang Technology Co., Ltd.;
- 2.3 The statements, warranties, and undertakings made by the Parties in this Agreement and any document submitted in accordance with this Agreement are true, accurate, and complete in all material aspects as of the Closing Date; and

- 2.4 A resolution of the shareholders' meeting for approving this Equity Interest Transfer and passing new articles of association of the Company has been signed at the shareholders' meeting of the Company, and other existing shareholders of the Company agree to waive their right of first refusal with respect to the Target Equity Interests and approve the signing of all documents related to this Equity Interest Transfer.

Article 3 Representations, Warranties, and Undertakings of the Parties

3.1 The Transferor hereby makes the following statements and warranties to the Transferee:

- (1) The Transferor has full capacity for civil conduct to enter into this Agreement, and has the capabilities for performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferor will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferor hereunder are effective, binding, and enforceable; the Transferor has paid the registered capital of the Company it subscribed to in full in accordance with the provisions of the existing articles of association of the Company;
- (3) All the information provided by or on behalf of the Transferor and the Company to the Transferee and its advisors or agents prior to or during the negotiation for reaching this Agreement and any relevant agreements, and the information contained in the documents above, is true, complete, accurate, and not misleading; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

3.2 The Transferee hereby makes the following statements and warranties to the Transferor:

- (1) The Transferee has full capacity for civil conduct to enter into this Agreement, and has the capabilities for performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferee will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferee hereunder are effective, binding, and enforceable;
- (3) It has the capabilities for paying the Equity Interest Transfer Consideration to the Transferor in accordance with the provisions of this Agreement; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

Article 4 Rescission and Termination

4.1 This Agreement may be rescinded upon the occurrence of any of the following:

- (1) The Parties 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.

4.2 Effects of rescission and termination:

- (1) After this Agreement is rescinded or terminated, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, refund the consideration obtained from the other Party under this Agreement, and restore the state prior to the execution of this Agreement as much as possible. For the avoidance of doubts, if the Transferee has paid the Equity Interest Transfer Consideration, in whole or in part, to the Transferor prior to the termination of this Agreement, the Transferor shall refund all the payment to the Transferee after this Agreement is terminated. If the Transferor has completed corresponding formalities for changing the articles of association of the Company or changes registered with the administration for industry and commerce with respect to the transfer, the Transferee shall assist the Transferor in going through relevant formalities for transferring the shares back to the Transferor, so that the Transferor is still the *de facto* and nominal shareholder of the Company;

- (2) After any item in Article 4.1 above 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 Article 5, Article 6, and Article 7 hereof.

Article 5 Confidentiality

- 5.1 Unless otherwise provided herein, the Parties hereto shall make their best efforts to keep the confidentiality of any technical information, business information, or any non-public information (including written, oral, tangible, or intangible information) in any form of the other Party obtained by negotiating, signing, or performing this Agreement or by due diligence investigation, such information including but not limited to any content hereof and other possible cooperation and transactions between the Parties, until such information and materials are disclosed to the public by the providing party. Any Party shall restrict such information only to its director, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customer etc. which are required to know such information for performing the obligations hereunder.
- 5.2 The restriction 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 disclosing party; or

- (4) Confidential Information that any Party is obliged to disclose to relevant government authority or stock exchange under laws, or that is disclosed by any Party to its direct legal advisers and financial advisers as required by normal business operation.
- 5.3 Every Party hereto shall instruct its shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers, and the shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers of its affiliates to abide by the confidentiality obligations provided in Article 5.1.
- 5.4 The Parties shall abide by the confidentiality obligations provided in Article 5.1 despite the rescission or termination of this Agreement for any reason.

Article 6 Liability for Breach of Agreement

- 6.1 If any Party hereto violates the provisions hereof, in addition to other rights provided hereunder, the other Party may also raise a claim for the losses suffered by the non-breaching party due to the violation.
- 6.2 Notwithstanding anything to the contrary herein, the provisions of this article shall survive the termination of the rights and obligations by the Parties hereto or the termination of this Agreement.

Article 7 Applicable Laws and Dispute Resolution

- 7.1 The conclusion, validity, interpretation, performance, and dispute resolution in respect of this Agreement shall be governed by and interpreted in accordance with laws of China.
- 7.2 Any disputes arising from or in connection with this Agreement shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with its then effective arbitration rules. The arbitration award shall be final, and binding on the Parties. During the dispute resolution, except for the matters in dispute, the Parties shall continue to perform other provisions hereof.

Article 8 Validity of the Agreement

This Agreement shall become effective as of the date of execution by the Parties, and both Parties shall abide by this Agreement.

Article 9 Amendments and Supplements to the Agreement

- 9.1 Amendments or supplements to this Agreement must be made in writing.
- 9.2 Any supplements to this Agreement shall be considered as an integral part of this Agreement.

Article 10 Miscellaneous

- 10.1 Each provision contained herein shall be severable and independent of any other provisions, and if, at any time, any provision or provisions hereof become invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions hereof shall not be affected.
- 10.2 The Transferor and the Transferee agree that they shall bear their respective taxes and charges incurred for entering into and performing this Agreement.
- 10.3 This Agreement is made in three originals, each Party holds one original, and the Company retains one original, which originals shall have the same legal force.

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Transferor:

Peng Xiaomei

By: /s/ **Peng Xiaomei**

Transferee:

Liu Yang

By: /s/ Liu Yang

Equity Interest Transfer Agreement

This Equity Interest Transfer Agreement (this "Agreement") is entered into by and between the following parties in Chaoyang District, Beijing on April 30, 2020:

1. Transferor:
Wei Wei, a citizen of the People's Republic of China ("China", for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), holding the ID card No.: ***.
2. Transferee:
Liu Yang, a Chinese citizen, holding the ID card No.: ***.

Whereas:

1. Xuanji Intelligence (Beijing) Technology Co., Ltd. (hereinafter referred to as the "Company") is a limited liability company incorporated under the laws of China, having the registered capital of RMB 50.00 million. The Transferor holds RMB 39.00 million in the registered capital of the Company as of the execution date of this Agreement.
2. Upon friendly negotiation between the Transferor and Transferee, the Transferor intends to transfer to the Transferee RMB 29.00 million in the registered capital of the Company (this "Equity Interest Transfer", i.e. 58% equity interests in the Company ("Target Equity Interests").

The Parties hereby reach this Agreement with respect to the Equity Interest Transfer.

Article 1 Equity Interest Transfer

- 1.1 Based on the terms and conditions provided herein, the Transferor agrees to transfer the Target Equity Interests to the Transferee at the consideration of RMB 17.40 million ("Equity Interest Transfer Consideration"), and the Transferee agrees to accept such Target Equity Interests based on the terms and conditions provided herein.

- 1.2 The Parties agree that, the Transferee shall, within five (5) working days following the satisfaction of all the prerequisites provided in Article 2 hereof or waiver by the Transferee in writing, or within another period agreed between the Parties, remit the Equity Interest Transfer Consideration at the amount provided in Article 1.1 hereof to an account designated by the Transferor (“Closing”, the date of Closing, “Closing Date”). The Parties agree that, the Transferee’s obligations of paying the Equity Interest Transfer Consideration hereunder are fulfilled after the Transferee pays the Equity Interest Transfer Consideration as provided in this article.
- 1.3 To meet the registration requirements of Beijing Administration for Market Regulation or its offices (“Administration for Industry and Commerce”), the Transferee and Transferor may enter into an equity interest transfer agreement separately with respect to this Equity Interest Transfer, the terms and conditions of which shall be substantially same as this Agreement, and in the event of any provisions different from this Agreement, the provisions of this Agreement prevail.
- 1.4 After the Closing, the Company shall complete change registration formalities with the administration for industry and commerce for this Equity Interest Transfer within ninety (90) days following the Closing Date, and provide the Transferee with a duplicate of the new corporation business license issued by the Administration for Industry and Commerce.

Article 2 Prerequisites

The Closing obligations of the Transferee in Article 1.2 hereof are subject to the satisfaction or waiver, in writing, by the Transferee of all the following prerequisites on or prior to the Closing Date:

- 2.1 The Parties have entered and delivered this Agreement, agreeing to be bound by this Agreement, exercise relevant rights, and perform relevant obligations;
- 2.2 The Transferee has signed new articles of association and a concerted action agreement with Shenzhen Xiaogang Technology Co., Ltd.;
- 2.3 The statements, warranties, and undertakings made by the Parties in this Agreement and any document submitted in accordance with this Agreement are true, accurate, and complete in all material aspects as of the Closing Date; and

- 2.4 A resolution of the shareholders' meeting for approving this Equity Interest Transfer and passing new articles of association of the Company has been signed at the shareholders' meeting of the Company, and other existing shareholders of the Company agree to waive their right of first refusal with respect to the Target Equity Interests and approve the signing of all documents related to this Equity Interest Transfer.

Article 3 Representations, Warranties, and Undertakings of the Parties

3.1 The Transferor hereby makes the following statements and warranties to the Transferee:

- (1) The Transferor has full capacity for civil conduct to enter into this Agreement, and has the capabilities for performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferor will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferor hereunder are effective, binding, and enforceable; the Transferor has paid the registered capital of the Company it subscribed to in full in accordance with the provisions of the existing articles of association of the Company;
- (3) All the information provided by or on behalf of the Transferor and the Company to the Transferee and its advisors or agents prior to or during the negotiation for reaching this Agreement and any relevant agreements, and the information contained in the documents above, is true, complete, accurate, and not misleading; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

3.2 The Transferee hereby makes the following statements and warranties to the Transferor:

- (1) The Transferee has full capacity for civil conduct to enter into this Agreement, and has the capabilities for performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferee will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferee hereunder are effective, binding, and enforceable;
- (3) It has the capabilities for paying the Equity Interest Transfer Consideration to the Transferor in accordance with the provisions of this Agreement; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

Article 4 Rescission and Termination

4.1 This Agreement may be rescinded upon the occurrence of any of the following:

- (1) The Parties 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.

4.2 Effects of rescission and termination:

- (1) After this Agreement is rescinded or terminated, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, refund the consideration obtained from the other Party under this Agreement, and restore the state prior to the execution of this Agreement as much as possible. For the avoidance of doubts, if the Transferee has paid the Equity Interest Transfer Consideration, in whole or in part, to the Transferor prior to the termination of this Agreement, the Transferor shall refund all the payment to the Transferee after this Agreement is terminated. If the Transferor has completed corresponding formalities for changing the articles of association of the Company or changes registered with the administration for industry and commerce with respect to the transfer, the Transferee shall assist the Transferor in going through relevant formalities for transferring the equity interests back to the Transferor, so that the Transferor is still the *de facto* and nominal shareholder of the Company;

- (2) After any item in Article 4.1 above 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 Article 5, Article 6, and Article 7 hereof.

Article 5 Confidentiality

- 5.1 Unless otherwise provided herein, the Parties hereto shall make their best efforts to keep the confidentiality of any technical information, business information, or any non-public information (including written, oral, tangible, or intangible information) in any form of the other Party obtained by negotiating, signing, or performing this Agreement or by due diligence investigation, such information including but not limited to any content hereof and other possible cooperation and transactions between the Parties, until such information and materials are disclosed to the public by the providing party. Any Party shall restrict such information only to its director, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customer etc. which are required to know such information for performing the obligations hereunder.
- 5.2 The restriction 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 disclosing party; or

- (4) Confidential Information that any Party is obliged to disclose to relevant government authority or stock exchange under laws, or that is disclosed by any Party to its direct legal advisers and financial advisers as required by normal business operation.
- 5.3 Every Party hereto shall instruct its shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers, and the shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers of its affiliates to abide by the confidentiality obligations provided in Article 5.1.
- 5.4 The Parties shall abide by the confidentiality obligations provided in Article 5.1 despite the rescission or termination of this Agreement for any reason.

Article 6 Liability for Breach of Agreement

- 6.1 If any Party hereto violates the provisions hereof, in addition to other rights provided hereunder, the other Party may also raise a claim for the losses suffered by the non-breaching party due to the violation.
- 6.2 Notwithstanding anything to the contrary herein, the provisions of this article shall survive the termination of the rights and obligations by the Parties hereto or the termination of this Agreement.

Article 7 Applicable Laws and Dispute Resolution

- 7.1 The conclusion, validity, interpretation, performance, and dispute resolution in respect of this Agreement shall be governed by and interpreted in accordance with laws of China.
- 7.2 Any disputes arising from or in connection with this Agreement shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with its then effective arbitration rules. The arbitration award shall be final, and binding on the Parties. During the dispute resolution, except for the matters in dispute, the Parties shall continue to perform other provisions hereof.

Article 8 Validity of the Agreement

This Agreement shall become effective as of the date of execution by the Parties, and both Parties shall abide by this Agreement.

Article 9 Amendments and Supplements to the Agreement

- 9.1 Amendments or supplements to this Agreement must be made in writing.
- 9.2 Any supplements to this Agreement shall be considered as an integral part of this Agreement.

Article 10 Miscellaneous

- 10.1 Each provision contained herein shall be severable and independent of any other provisions, and if, at any time, any provision or provisions hereof become invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions hereof shall not be affected.
- 10.2 The Transferor and the Transferee agree that they shall bear their respective taxes and charges incurred for entering into and performing this Agreement.
- 10.3 This Agreement is made in three originals, each Party holds one original, and the Company retains one original, which originals shall have the same legal force.

[The remainder of this page is intentionally left blank]

Transferor:

Wei Wei

By: /s/ Wei Wei

Transferee:

Liu Yang

By: /s/ Liu Yang

Equity Interest Transfer Agreement

This Equity Interest Transfer Agreement (this "Agreement") is entered into by and between the following parties in Chaoyang District, Beijing on April 30, 2020:

1. Transferor:

Wei Wei, a citizen of the People's Republic of China ("China", for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), holding the ID card No.: ***.

2. Transferee:

Shenzhen Xiaogang Technology Co., Ltd., a limited liability company incorporated under the laws of China, having its registered address at: A-2118 West, 21/F, Block B, Dachong Business Center, Yuehai Subdistrict, Nanshan District, Shenzhen.

Whereas:

1. Xuanji Intelligence (Beijing) Technology Co., Ltd. (hereinafter referred to as the "Company") is a limited liability company incorporated under the laws of China, having the registered capital of RMB 50.00 million. The Transferor holds RMB 39.00 million in the registered capital of the Company as of the execution date of this Agreement.
2. Upon friendly negotiation between the Transferor and Transferee, the Transferor intends to transfer to the Transferee RMB 10.00 million in the registered capital of the Company (this "Equity Interest Transfer"), i.e. 20% equity interests in the Company ("Target Equity Interests").

The Parties hereby reach this Agreement with respect to the Equity Interest Transfer.

Article 1 Equity Interest Transfer

- 1.1 Based on the terms and conditions provided herein, the Transferor agrees to transfer the Target Equity Interests to the Transferee at the consideration of RMB 6.00 million ("Equity Interest Transfer Consideration"), and the Transferee agrees to accept such Target Equity Interests based on the terms and conditions provided herein.

- 1.2 The Parties agree that, the Transferee shall, within five (5) working days following the satisfaction of all the prerequisites provided in Article 2 hereof or waiver by the Transferee in writing, or within another period agreed between the Parties, remit the Equity Interest Transfer Consideration at the amount provided in Article 1.1 hereof to an account designated by the Transferor (“Closing”, the date of Closing, “Closing Date”). The Parties agree that, the Transferee’s obligations of paying the Equity Interest Transfer Consideration hereunder are fulfilled after the Transferee pays the Equity Interest Transfer Consideration as provided in this article.
- 1.3 To meet the registration requirements of Beijing Administration for Market Regulation or its offices (“Administration for Industry and Commerce”), the Transferee and Transferor may enter into an equity interest transfer agreement separately with respect to this Equity Interest Transfer, the terms and conditions of which shall be substantially same as this Agreement, and in the event of any provisions different from this Agreement, the provisions of this Agreement prevail.
- 1.4 After the Closing, the Company shall complete change registration formalities with the administration for industry and commerce for this Equity Interest Transfer within ninety (90) days following the Closing Date, and provide the Transferee with a duplicate of the new corporation business license issued by the Administration for Industry and Commerce.

Article 2 Prerequisites

The Closing obligations of the Transferee in Article 1.2 hereof are subject to the satisfaction or waiver, in writing, by the Transferee of all the following prerequisites on or prior to the Closing Date:

- 2.1 The Parties have entered and delivered this Agreement, agreeing to be bound by this Agreement, exercise relevant rights, and perform relevant obligations;
- 2.2 The Transferee has signed new articles of association and a concerted action agreement with Liu Yang;
- 2.3 The statements, warranties, and undertakings made by the Parties in this Agreement and any document submitted in accordance with this Agreement are true, accurate, and complete in all material aspects as of the Closing Date; and

- 2.4 A resolution of the holders' meeting for approving this Equity Interest Transfer and passing new articles of association of the Company has been signed at the shareholders' meeting of the Company, and other existing shareholders of the Company agree to waive their right of first refusal with respect to the Target Equity Interests and approve the signing of all documents related to this Equity Interest Transfer.

Article 3 Representations, Warranties, and Undertakings of the Parties

3.1 The Transferor hereby makes the following statements and warranties to the Transferee:

- (1) The Transferor has full capacity for civil conduct to enter into this Agreement, and has the capabilities for performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferor will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferor hereunder are effective, binding, and enforceable; the Transferor has paid the registered capital of the Company it subscribed to in full in accordance with the provisions of the existing articles of association of the Company;
- (3) All the information provided by or on behalf of the Transferor and the Company to the Transferee and its advisors or agents prior to or during the negotiation for reaching this Agreement and any relevant agreements, and the information contained in the documents above, is true, complete, accurate, and not misleading; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

3.2 The Transferee hereby makes the following statements and warranties to the Transferor:

- (1) The Transferee is a duly incorporated and validly existing legal person, and has the capabilities for entering into this Agreement and performing all the responsibilities and obligations hereunder; By entering into this Agreement and any related agreements, the Transferee will not violate contracts, agreements, or other legal documents binding on it, or violate any laws, regulations, department rules, normative documents, the orders or decisions of any administrative authorities, or the rulings, decisions, or judgements of any arbitration institutions or judicial authorities;
- (2) The obligations of the Transferee hereunder are effective, binding, and enforceable;
- (3) It has the capabilities for paying the Equity Interest Transfer Consideration to the Transferor in accordance with the provisions of this Agreement; and
- (4) It will cooperate with relevant parties to complete the Closing formalities for this Equity Interest Transfer, and other statutory obligations and responsibilities in connection with this Equity Interest Transfer (including but not limited to the provisions of Article 1.4 hereof).

Article 4 Rescission and Termination

4.1 This Agreement may be rescinded upon the occurrence of any of the following:

- (1) The Parties 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.

4.2 Effects of rescission and termination:

- (1) After this Agreement is rescinded or terminated, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, refund the consideration obtained from the other Party under this Agreement, and restore the state prior to the execution of this Agreement as much as possible. For the avoidance of doubts, if the Transferee has paid the Equity Interest Transfer Consideration, in whole or in part, to the Transferor prior to the termination of this Agreement, the Transferor shall refund all the payment to the Transferee after this Agreement is terminated. If the Transferor has completed corresponding formalities for changing the articles of association of the Company or changes registered with the administration for industry and commerce with respect to the transfer, the Transferee shall assist the Transferor in going through relevant formalities for transferring the equity interests back to the Transferor, so that the Transferor is still the *de facto* and nominal shareholder of the Company;

- (2) After any item in Article 4.1 above 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 Article 5, Article 6, and Article 7 hereof.

Article 5 Confidentiality

- 5.1 Unless otherwise provided herein, the Parties hereto shall make their best efforts to keep the confidentiality of any technical information, business information, or any non-public information (including written, oral, tangible, or intangible information) in any form of the other Party obtained by negotiating, signing, or performing this Agreement or by due diligence investigation, such information including but not limited to any content hereof and other possible cooperation and transactions between the Parties, until such information and materials are disclosed to the public by the providing party. Any Party shall restrict such information only to its director, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customer etc. which are required to know such information for performing the obligations hereunder.
- 5.2 The restriction 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 disclosing party; or
 - (4) Confidential Information that any Party is obliged to disclose to relevant government authority or stock exchange under laws, or that is disclosed by any Party to its direct legal advisers and financial advisers as required by normal business operation.
- 5.3 Every Party hereto shall instruct its shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers, and the shareholders/partners, directors, senior employees, employees, agents, advisors, sub-contractors, suppliers, and customers of its affiliates to abide by the confidentiality obligations provided in Article 5.1.
- 5.4 The Parties shall abide by the confidentiality obligations provided in Article 5.1 despite the rescission or termination of this Agreement for any reason.

Article 6 Liability for Breach of Agreement

- 6.1 If any Party hereto violates the provisions hereof, in addition to other rights provided hereunder, the other Party may also raise a claim for the losses suffered by the non-breaching party due to the violation.
- 6.2 Notwithstanding anything to the contrary herein, the provisions of this article shall survive the termination of the rights and obligations by the Parties hereto or the termination of this Agreement.

Article 7 Applicable Laws and Dispute Resolution

- 7.1 The conclusion, validity, interpretation, performance, and dispute resolution in respect of this Agreement shall be governed by and interpreted in accordance with laws of China.
- 7.2 Any disputes arising from or in connection with this Agreement shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with its then effective arbitration rules. The arbitration award shall be final, and binding on the Parties. During the dispute resolution, except for the matters in dispute, the Parties shall continue to perform other provisions hereof.

Article 8 Validity of the Agreement

This Agreement shall become effective as of the date of execution by the Parties, and both Parties shall abide by this Agreement.

Article 9 Amendments and Supplements to the Agreement

9.1 Amendments or supplements to this Agreement must be made in writing.

9.2 Any supplements to this Agreement shall be considered as an integral part of this Agreement.

Article 10 Miscellaneous

10.1 Each provision contained herein shall be severable and independent of any other provisions, and if, at any time, any provision or provisions hereof become invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions hereof shall not be affected.

10.2 The Transferor and the Transferee agree that they shall bear their respective taxes and charges incurred for entering into and performing this Agreement.

10.3 This Agreement is made in three originals, each Party holds one original, and the Company retains one original, which originals shall have the same legal force.

[The remainder of this page is intentionally left blank]

Transferor:

Wei Wei

By: /s/ Wei Wei

Transferee:

Shenzhen Xiaogang Technology Co., Ltd. (Seal)

By: /s/ Shixin Wei

Name: Shixin Wei

Title: Legal representative

Concerted Action Agreement

This Agreement is entered into by and between the following Parties in Chaoyang District, Beijing on April 30, 2020:

Party A: Liu Yang, a citizen of the People's Republic of China ("China", for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), holding the ID card No.: ***;

Party B: Shenzhen Xiaogang Technology Co., Ltd., a limited liability company incorporated under the laws of China, having its registered address at: A-2118 West, 21/F, Block B, Dachong Business Center, Yuehai Subdistrict, Nanshan District, Shenzhen, China.

Whereas:

1. Xuanji Intelligence (Beijing) Technology Co., Ltd. (hereinafter referred to as the "Company") is a limited liability company incorporated and existing under the laws of the People's Republic of China;
2. Party A and Party B collectively hold 100% equity interests in the Company when this Agreement is concluded;
3. To keep the stable shareholding structure of the Company, improve the efficiency in making decisions for material affairs of the Company, and ensure the consistency and continuity in the business operation of the Company, the Parties hereto reach this Agreement on a voluntary basis.

Article 1 Confirmation and Content of Concerted Action

The Parties confirm that they shall act in concert within 2 years (hereinafter referred to as the "Period of Concerted Action") following the execution date of this Agreement, and conduct acts in concert by making same expression of intentions at shareholders' meetings of the company to exercise joint control and management over the company.

From the effective date of this Agreement, the Parties will continuously act in concert and give the same expression of intentions with respect to the following matters of the Company:

- (1) Exercising voting rights at shareholders' meetings;
- (2) Making proposals to shareholder's meetings;
- (3) Nominating candidates of directors and supervisors;
- (4) Causing and warranting the directors recommended to make same expression of intentions (if any) for voting by the board of directors of the Company;
- (5) Making material decisions for the Company;
- (6) Exercising the rights as shareholders of the Company in accordance with the Articles of Association of the Company and other relevant agreements or documents between the Company and other related parties;
- (7) Performing the obligations as shareholders of the Company in accordance with the Articles of Association of the Company and other relevant agreements or documents between the Company and other related parties; and
- (8) Exercising other rights granted to shareholders of the Company under laws, administrative regulations, other normative documents, and the *Articles of Association*.

When Party A cannot participate in any meeting or discussion involving the Company, Party A shall delegate Party B or a person designated by Party B to participate in such meeting or discussion and make a decision or exercise voting rights.

If the Parties cannot reach a consensus with respect to the matters above, they shall vote or make the decision according to the intention of Party B.

Article 2 Continuity of Concerted Action

After this Agreement is signed, additional equity interests held, directly or indirectly, by the Parties due to transfer, bonus shares, conversion of reserves into share capital, share incentives, etc. shall be subject to this Agreement.

Article 3 Remedies for Violation of the Provisions on Concerted Action

If any Party violates any provision on concerted action hereunder, the Party shall take effective measures to eliminate the impacts caused by its violation without violating applicable laws, regulations, or normative documents and the articles of association.

Any Party violating the provisions hereunder shall transfer, at the request of the non-breaching party, all the equity interests it holds, directly or indirectly, in the Company and all relevant rights and interests to the non-breaching party at the conditions set by the non-breaching party, and the non-breaching party may further require such Party to transfer all the equity interests and relevant rights and interests to a designated third party.

Article 4 Rescission, Modification, and Termination

Modifications to this Agreement shall be subject to a consensus reached between the Parties through negotiation.

During the term of this Agreement, neither Party may transfer its equity interests in the Company without obtaining the prior written consent of the other Party and causing the transferee to be subject to the provisions of this Agreement.

During the Period of Concerted Action provided herein, neither Party may unilaterally terminate this Agreement without a consensus between the Parties.

Article 5 Governing Law

The conclusion, validity, interpretation, performance, and dispute resolution in respect of this Agreement shall be governed by and interpreted in accordance with laws of China. If any provision herein is held illegal, invalid, or unenforceable in whole or in part in accordance with the laws of China, such provision or its relevant part shall be deemed not as a portion of this Agreement within the scope above; provided, however, that the legality, validity, and enforceability of the remaining portions of this Agreement shall not be affected.

Article 6 Dispute Resolution

Disputes between the Parties arising from or in connection with this Agreement shall be solved through negotiation first. If the negotiation fails, the disputes shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with its then effective arbitration rules. The arbitration award shall be final, and binding on the Parties. During the dispute resolution, except for the matters in dispute, the Parties shall continue to perform other provisions hereof.

Article 7 Validity and Term

This Agreement shall be effective from the date of execution by the Parties to the date when either Party no longer holds, directly or indirectly, equity interests in the Company with the consent of the other Party, or when this Agreement is terminated or the Period of Concerted Action provided herein expires and the Parties agree not to renew this Agreement.

Article 8 Miscellaneous

This Agreement is made in two (2) originals, each Party holding one (1) original. Every original has the same legal force.

(No text below)

[Concerted Action Agreement - Signature page]

Liu Yang

By: /s/ Liu Yang

[Concerted Action Agreement - Signature page]

Shenzhen Xiaogang Technology Co., Ltd. (Seal)

By: /s/ Shixin Wei

Name: Shixin Wei

Title: Legal representative

Intellectual Property License Agreement

This Agreement is entered into and among the following Parties in Chaoyang District, Beijing on April 30, 2020:

- (1) **Shanghai Anquying Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 1304-C, 89 Yunling East Road, Putuo District, Shanghai;
- (2) **Ganzhou Aixin Network Micro Finance Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 502, Building B4, International Enterprise Center, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi Province;
- (3) **Qilehui Credit Investigation Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 1017, 10/F, 17 North Dongsanhuan Road, Chaoyang District, Beijing;
- (4) **Ganzhou Dumiao Intelligence Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 502, Building B4, International Enterprise Center, North to Xiangjiang Avenue and West to Huajian North Road, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi Province;
- (5) **Maifen Insurance Brokerage Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 1016, 10/F, 17 North Dongsanhuan Road, Chaoyang District, Beijing;

- (6) **Beijing Hongdian Fund Distributor Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 1015, 10/F, 17 North Dongsanhuan Road, Chaoyang District, Beijing;
- (7) **Pintec (Beijing) Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 2025, 2/F Bowangyuan Podium, Yangfangdian Subdistrict, Haidian District, Beijing;
- (8) **Sky City (Beijing) Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 3009, 3/F Bowangyuan Podium, Yangfangdian Subdistrict, Haidian District, Beijing; and
- (9) **Xuanji Intelligence (Beijing) Technology Co., Ltd.**, a limited liability company incorporated and validly existing under the laws of China, having its unified social credit code of ***, and registered address at Room 9016, 9/F, 17 North Dongsanhuan Road, Chaoyang District, Beijing.

Items (1)-(8) above are referred to individually or collectively as “Party A;” item (9) is referred to as “Party B;” and items (1)-(9) are referred to collectively as the “**Parties**” and individually as a “**Party.**”

The Parties hereto enter into this Agreement through friendly negotiation with respect to the mutual license of relevant intellectual property rights owned or controlled by Party A and Party B.

I. License

- 1.1 Party A irrevocably agrees and undertakes that, Party A will license, free of charge, to Party B all the intellectual property rights owned and/or controlled (i.e., with the rights to license to third parties, same as below) by Party A during the licence term of this Agreement; the types and rights of the intellectual property rights licensed by Party A to Party B include trademarks, copyrights, patents listed in the appendix hereto for which Party A is the right holder, and trademarks, copyrights, patents, know-hows, and all other intellectual property rights (except for the right of authorship) acquired, owned, and/or actually controlled by Party A during the licence term of this Agreement.
- 1.2 Party B irrevocably agrees and undertakes that, Party B will license, free of charge, to Party A all the intellectual property rights owned and/or controlled (i.e., with the rights to license to third parties) by Party B during the licence term of this Agreement; the types and rights of the intellectual property rights licensed by Party B to Party A include trademarks, copyrights, patents listed in the appendix hereto for which Party B is the right holder, and trademarks, copyrights, patents, know-hows, and all other intellectual property rights (except for the right of authorship) acquired, owned, and/or actually controlled by Party B during the licence term of this Agreement.
- 1.3 The licence term of this Agreement is 10 years, from April 30, 2020 to April 29, 2030.
- 1.4 Territorial scope of the intellectual property rights licensed in this Agreement: the entire territorial scope in which a Party has the right to use its licensed intellectual property rights throughout the world.
- 1.5 Nature of the license in this Agreement: Non-exclusive license.
- 1.6 With respect to the intellectual property rights licensed by Party A to Party B, Party B can cannot grant sublicenses.
- 1.7 With respect to the intellectual property rights licensed by Party B to Party A, Party A can cannot grant sublicenses.

- 1.8 Purposes of the intellectual property rights licensed: Including but not limited to research, development, production, sales, marketing, advertising, provision of services, and any other lawful business activities.

II. Rights and Obligations

- 2.1 In this Agreement, every Party shall still be the registered right holder of the trademarks, copyrights, patents, or other intellectual property rights for which such Party is the registered right holder prior to this Agreement, and shall not be replaced by the other Party as the right holder on the ground of the conclusion of this Agreement among the Parties or the performance of the provisions of this Agreement. Every Party shall warrant that it has legitimate rights in and can license the intellectual property rights it licensed; in the event of losses caused to the rights and interests of other parties because the intellectual property rights licensed by a Party infringe the legitimate rights and interests of a third person, the licensing party shall be held fully liable for making compensation.
- 2.2 In this Agreement, the Parties agree and warrant that new achievements of intellectual property rights re-designed, created, adapted, or developed by or on behalf of a Party by using the intellectual property rights licensed by the other Party, shall be solely owned by such Party; provided, however, that during the licence term of this Agreement, such Party shall license, free of charge, the intellectual property rights of such achievements to the other Party hereto.
- 2.3 Upon the detection that the intellectual property rights licensed hereunder are infringed by any other party, the right holder shall actively coordinate relevant enforcement activities, while other Parties hereto shall provide assistance as much as possible.
- 2.4 If a Party hereto requests a certificate of rights when using the intellectual property rights licensed hereunder, the Parties shall cooperate with such Party by issuing a certificate of rights document like the corresponding Letter of Intellectual Property Rights License.

- 2.5 During the licence term of this Agreement, every Party shall promptly notify other Parties hereto upon the increase, decrease, or other changes in the items, types, or scopes of the intellectual property rights owned and/or actually controlled by such Party.
- 2.6 If any Party hereto use the intellectual property rights licensed hereunder for illegal activities or any infringement activities infringing the legitimate rights and interests of other third parties, such Party shall be solely liable for relevant legal liabilities, and shall be liable for making compensation if losses are caused to other Parties hereto.
- 2.7 Neither Party may unilaterally rescind this Agreement during the licence term of this Agreement.

III. Miscellaneous

- 3.1 Severability: Each obligation hereunder shall be deemed as an individual enforceable obligation, and the unenforceability of one or more obligations hereunder does not affect the enforceability of other obligations. The unenforceability of this Agreement with respect to a Party does not affect the enforceability of this Agreement among other Parties. If any one or more provisions of this Agreement or other agreements and appendices are held as invalid, illegal, or unenforceable in any aspect under any applicable law, or need to be modified at the request of a governmental authority, the validity, legality, and enforceability of the remaining provisions 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, 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.

- 3.2 Applicable law: The conclusion, interpretation, validity, and dispute resolution of this Agreement shall be governed and protected by the laws and regulations of the People's Republic of China (for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administration Region, and Taiwan).
- 3.3 Dispute resolution: Disputes in connection with the interpretation or performance of this Agreement shall be solved by the Parties through friendly negotiation first. If the negotiation fails, either Party may submit the disputes to Beijing Intellectual Property Court. Upon the occurrence of any dispute and the litigation with respect to any dispute, except for 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.
- 3.4 Amendments and waivers: Any amendment 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. A failure or delay in exercising rights, powers, and remedies hereunder by any Party hereto shall not be deemed as a waiver thereof, and any single or partial exercise shall not preclude any further exercises or the exercise of any other rights, powers, or remedies. In addition, the waiver by any Party hereto of any breach act of a breaching Party shall not be deemed that such Party waives its rights for subsequent other breach acts of such breaching Party.
- 3.5 This Agreement shall become effective from the date when it is signed by and affixed with stamps of the Parties; this Agreement is made in nine originals, each Party holds one original, and each original shall have the same legal force.
- 3.6 Appendix: *List of Intellectual Property Rights*

[The following contains no text, but is the signature page for the Parties]

Shanghai Anquying Technology Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Bingqing Chen

Ganzhou Aixin Network Micro Finance Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Bingqing Chen

Qilehui Credit Investigation Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Shixin Wei

Ganzhou Dumiao Intelligence Technology Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Shixin Wei

Maifen Insurance Brokerage Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Bingqing Chen

Beijing Hongdian Fund Distributor Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Jing He

Pintec (Beijing) Technology Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Wei Wei

Sky City (Beijing) Technology Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Wei Wei

Xuanji Intelligence (Beijing) Technology Co., Ltd. (Official seal)

Name of authorized representative:

Title: Legal Representative

Signature: /s/ Jing He

Supplementary Agreement

This Supplementary Agreement (hereinafter referred to as this “**Agreement**”) is entered into and among the following Parties in Chaoyang District, Beijing on June 1, 2020:

- Party A:** Liu Yang, a citizen of the People’s Republic of China (“China”, for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan), holding the ID card No.: ***;
- Party B:** Wei Wei, a Chinese citizen, holding the ID Card No.: ***; Peng Xiaomei, a Chinese citizen, holding the ID Card No.: ***; and
- Party C:** Shenzhen Xiaogang Technology Co., Ltd., a limited liability company incorporated and existing under the laws of China, having its registered address at 1403A-2200 East Building, Coastal Building, 15 Third Haide Road, Haizhu Community, Yuehai Subdistrict, Nanshan District, Shenzhen City.
- Party D:** Xuanji Intelligence (Beijing) Technology Co., Ltd., a limited liability company incorporated and existing under the laws of China, having its registered address at 9016, 9/F, No. 17 East Sanhuan North Road, Chaoyang District, Beijing.

In this Agreement, Party A, Party B, Party C, and Party D are referred to individually as a “Party” and collectively as the “Parties.”

Whereas:

1. Party A entered into an *Equity Interest Transfer Agreement* with Wei Wei and Peng Xiaomei separately on April 30, 2020 (“Equity Interest Transfer Agreement”), under which Party A receives the 58% equity interests held by Wei Wei in Party D and 22% equity interests held by Peng Xiaomei in Party D (together with the 58% equity interests held by Wei Wei in Party D, the “Target Equity Interests”) at the transfer consideration of RMB 17.40 million and RMB 6.60 million, respectively (RMB 24.00 million in total). Meanwhile, it was provided in the Equity Interest Transfer Agreement that Party A shall remit the transfer consideration to an account designated by Party B.

2. Party A entered into a *Concerted Action Agreement* with Party C on April 30, 2020, under which it was agreed that the two parties shall act in concert within 2 years following the execution date of such agreement, and conduct acts in concert by making same expression of intentions at shareholders' meetings of the company to exercise joint control and management over the company.
3. Party A entered into an *Intellectual Property License Agreement* (together with the *Concerted Action Agreement*, "**Transaction Agreements**") with Party D, Shanghai Anquying Technology Co., Ltd., Ganzhou Aixun Network Micro Finance Co., Ltd. (formerly, Ganzhou Jimu Micro Finance Co., Ltd.), Qilehui Credit Investigation Co., Ltd., Ganzhou Dumiao Intelligence Technology Co., Ltd., Maifen Insurance Brokerage Co., Ltd., Beijing Hongdian Fund Distributor Co., Ltd., Pintec (Beijing) Technology Co., Ltd., and Sikaisite (Beijing) Science and Technology Co., Ltd. (hereinafter referred to as "Licensors" collectively) on April 30, 2020, under which the Licensors and Party D licenses all the intellectual property rights owned and/or controlled by them within the license period to Party A free of charge;
4. The Parties intend to make supplementary provisions with respect to the agreements above.

The Parties hereby reach this Agreement with the provisions as follows via equal and friendly negotiation, which are to be jointly complied with:

- Article 1 Party A and Party C agree that, from the date when this Agreement becomes effective, all the Target Equity Interests received by Party A shall be transferred to Party C, and Party C agrees to receive such Target Equity Interests at the transfer consideration provided in the Equity Interest Transfer Agreement. Party A shall cooperate with Party C to complete the registration of changes with the administration for industry and commerce after the transfer of the Target Equity Interests (in the event of a conflict between the Equity Interest Transfer Agreement for registration with the administration for industry and commerce and this Agreement, this Agreement prevails).
- Article 2 The Parties agree that, from the date when this Agreement becomes effective, all the rights, obligations, and liabilities of Party A under the Equity Interest Transfer Agreement will be transferred to Party C, and the rights, obligations, and liabilities between Party A and Party B shall be terminated immediately. Party C, as a new shareholder of Party D, has the rights in the shareholders' equity and obligations as a shareholder.

- Article 3 The account designated by Party B for the payment of the transfer consideration of the Target Equity Interests is as follows:
Account name: Pintec (Beijing) Technology Co., Ltd.
Account No.: ***
Opening bank: China Merchants Bank Co., Ltd. Beijing Wanda Square Branch
- Article 4 Party A, Party C, and Party D further agree that, from the date when this Agreement becomes effective, the Transaction Agreements above among Party A, Party C, and Party D shall be terminated.
- Article 5 From the date when the Transaction Agreements are invalidated, the rights and obligations of Party A, Party C, and Party D under such Transaction Agreements shall be terminated, and Party A, Party C, and Party D shall no longer enjoy or undertake any rights, obligations, and liabilities arising on the basis of such Transaction Agreements. Each Party automatically waives any right of recourse and right of claim (if any) against other Parties under such Transaction Agreements.
- Article 6 This Agreement is governed by the laws of China. In the event of any dispute, the Parties shall resolve such dispute via friendly negotiation. If the Parties fail to resolve such dispute within 30 days after any Party's request to the other Parties for resolving the dispute via 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.
- Article 7 This Agreement shall become effective on the execution date. This Agreement is made in five originals, each Party holds one Original, and each Original shall have the same legal force.

Now therefore, this Agreement is duly executed on the date first written above.

[No text below]

Party A:

Liu Yang

By: /s/ Liu Yang

Party B:

Wei Wei

By: /s/ Wei Wei

Peng Xiaomei

By: /s/ Peng Xiaomei

Party C:

Shenzhen Xiaogang Technology Co., Ltd. (Seal)

By: /s/ Wei Shixin

Name: Wei Shixin

Title: Legal representative

Party D:

Xuanji Intelligence (Beijing) Technology Co., Ltd. (Seal)

By: /s/ He Jing

Name: He Jing

Title: Legal representative

Equity Interest Transfer Agreement

among

Pintec (Yinchuan) Technology Co., Ltd.

and

Ningxia Fengyin Enterprise Management Consulting LLP

and

Yinchuan Chuanxi Technology Co., Ltd.

on

Yinchuan Chuanxi Technology Co., Ltd.

October 22, 2020

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Equity Interest Transfer Agreement

This Equity Interest Transfer Agreement (“**Agreement**”) is entered into by and among the following Parties on October 22, 2020 (“**Execution Date**”) in Beijing, the People’s Republic of China (“**China**”, for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan):

1. **Yinchuan Chuanxi Technology Co., Ltd.**, a limited liability company incorporated and existing under the laws of China, having its registered address at: Room 1417, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Target Company**”);
2. **Ningxia Fengyin Enterprise Management Consulting LLP** a limited liability partnership incorporated and existing under the laws of China, having its registered address at: Room 1418, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Transferor**”); and
3. **Pintec (Yinchuan) Technology Co., Ltd.**, a limited liability company incorporated under the laws of China, having its registered address at: Room 1410, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, Yinchuan City, Ningxia (“**Transferee**”).

In this Agreement, the parties above shall be referred to individually as a “**Party**” and collectively as the “**Parties**”.

Whereas:

1. As of the Execution Date of this Agreement, the Target Company has the registered capital of RMB 5,000,000 and the shareholding structure shown in Part I of Appendix I to this Agreement, where the Transferor holds 100% equity interests in the Target Company, corresponding to the Target Company’s registered capital of RMB 5,000,000 (“**Target Equity Interests**”).
2. The Transferor agrees to sell to the Transferee, and the Transferee agrees to buy from the Transferor, the Target Equity Interests on the Transferor in accordance with the terms and conditions provided hereunder.
3. From the Closing Date (defined in Article 3.1) under this Agreement, the Transferee will hold 100% equity interests in the Target Company (corresponding to the Target Company’s registered capital of RMB 5,000,000).

Now therefore, upon mutual agreement through negotiation, the Parties hereby agree as follows:

Article 1 Definitions and Interpretation

- 1.1 Unless otherwise provided in the context hereof, the following words have the following meanings in this Agreement:
- 1.1.1 **Transaction:** means the transaction provided under this Agreement, including but not limited to the transaction provided in Article 2 hereof.
- 1.1.2 **Promisor:** (i) if the Closing is not achieved, means the Target Company and the Transferor both individually and collectively, and (ii) if the Closing is achieved, means the Transferor (for the avoidance of doubt, if the Closing is achieved, the Target Company shall not be referred to as the Promisor from the beginning).
- 1.1.3 **Transaction Documents:** mean this Agreement, other documents provided in this Agreement, and other documents in connection with this Transaction.
- 1.1.4 **Affiliate:** for the purpose of this Agreement, means an affiliate of any person or entity, including any company, partnership, joint venture, or other entity or natural person that controls, is controlled by, or is under common control with such person/entity; the “**Affiliate**” of any natural person further includes a close family member of such natural person, including his/her spouse, parents, grandparents, siblings and their spouses, children and their spouses, and grandchildren and their spouses; provided, however, that for the purpose of this Agreement, the Transferee and its Affiliates shall not be deemed as the Affiliates of the Target Company or the Transferor.
- 1.1.5 **Control:** with respect to the relationship between or among two or more subjects, means the power, whether exercised or not, to direct or have others to direct the business, affairs, management, or decisions of a subject directly, indirectly, or as a trustee or executor, on the ground of holding shares, equity interests, voting rights, voting securities, or acting as the trustee or executor, or contractual and agreement arrangement, trust arrangement, or otherwise, including but not limited to (i) directly or indirectly holding fifty percent (50%) or more shares or equity interests in the subject; (ii) directly or indirectly holding fifty percent (50%) or more voting rights of the subject; (iii) directly or indirectly appointing the majority of members in the board of directors or a similar organization of the subject; or (iv) controlling or influencing the operation decisions of the subject by other means. “**Controlled**” and “**common control**” have the same meanings as the description above.
- 1.1.6 **Administration for Market Regulation:** means the State Administration for Market Regulation or its local offices.
- 1.1.7 **Encumbrance:** means any mortgage, pledge, lien (including but not limited to priority of taxes, right of revocation, and right of subrogation), lease, license, option, restriction, right of first refusal, pre-emptive right, debts, preferential arrangement, any third-party right or interest, restrictive undertaking, condition or restriction of any kind (including but not limited to any restriction on the use, voting, transfer, proceeds, or other exercise of any interests in title), security interest of any kind, or any form of arrangement with similar effect subject to third-party rights.

- 1.1.8 **Liabilities:** mean all debts, liabilities, and obligations, whether cumulative or fixed, absolute or contingent, matured or unmatured, determined or undetermined, including but not limited to the debts, liabilities, and obligations arising under any law, claim, or governmental order, and the debts, liabilities, and obligations arising under any contract, agreement, promise, or commitment.
- 1.1.9 **Material Adverse Effect:** means (i) that the Target Company is subject to bankruptcy proceedings, liquidation, winding-up, reorganization, or debt restructuring, or sells material assets; or (ii) any circumstances, changes, or impacts involving the Target Company, where such circumstances, changes, or impacts may, individually or collectively, directly or indirectly, (A) cause, or be reasonably expected to cause, material adverse effects on the existence, assets, liabilities (including but not limited to contingent liabilities), or financial conditions; or (B) cause, or be reasonably expected to cause, material adverse effects on the validity, binding effects, and performance of the Transaction Documents.
- 1.1.10 **Taxes:** mean any and all taxes, fees, levies, duties, tariffs, and other charges of any kind imposed by any governmental authority (including any and all interests, penalties, surcharges, and additional sums charged in connection therewith), including but not limited to: taxes or other charges imposed on revenues, royalties, incidental or other profits, gross incomes, properties, sales, use, wages, employment, social security, unemployment compensation, or net values; taxes or other charges having the nature of consumption and use tax, withholding tax, transfer tax, value-added tax, or profits tax; license, registration, and documentation charges; and customs duties, taxes, and similar charges.
- 1.1.11 **Government Authority:** means any national, international organization, supranational, federal, state, provincial, local, or other similar government-like, governmental, regulatory, or administrative agency, department, or commission, or any court, tribunal, or judicial or arbitral institutions, in China or outside China.
- 1.1.12 **Laws of China:** mean all laws, administrative regulations, rules, provisions, policy documents, and the provisions, decisions and policy documents of local governments or local government authorities of China then in effect.
- 1.1.13 **Working Day:** means any day other than Saturdays, Sundays, and other days on which the banks are required or authorized by law to suspend business in China.

1.1.14 **RMB**: means RMB Yuan, the lawful currency of China.

1.2 Interpretation and principles of interpretation

In this Agreement, unless the context provides otherwise:

- 1.2.1 References in this Agreement to an article, annex, appendix, preamble, description above, or description below, mean an article, annex, appendix, preamble, description above, or description below of this Agreement, and such article, annex, appendix, preamble, description above, or description below shall be deemed as part of this Agreement;
- 1.2.2 The headings herein are provided for reference only without affecting the meanings or interpretation of this Agreement by any means;
- 1.2.3 the words “include”, “includes”, and “including” used in this Agreement shall be deemed to be followed by the words “but not limited to”;
- 1.2.4 Any law defined or referred to in this Agreement or in any agreement or document referred to in this Agreement, means the law as amended, modified, or supplemented from time to time, including a successor law that replaces the original law;
- 1.2.5 References in this Agreement to any agreement, instrument, or other document mean such agreement, instrument, or other document as amended, supplemented, or modified from time to time;
- 1.2.6 References to a subject also refer to its permitted successor and assignee; and references to any company include any branches of such company;
- 1.2.7 “Hereof”, “herein”, “hereunder” and words of similar meanings used in this Agreement refer to this Agreement in its entirety instead of any provision of this Agreement; and
- 1.2.8 For the obligations or liabilities of any Promisor provided in this Agreement, the Promisors shall be jointly and severally liable to each other for such obligations or liabilities.

Article 2 Transfer of the Target Equity Interests

- 2.1 Part I of Appendix I to this Agreement correctly reflects the shareholding structure of the Target Company and the equity interests held by the Transferor in the Target Company as of the Execution Date of this Agreement, and the Transferor has no disputes over such shareholding structure.
- 2.2 The Transferor agrees to sell to the Transferee, and the Transferee agrees to buy from the Transferor, the corresponding Target Equity Interests (i.e., 100% equity interests in the Target Company) on the Closing Date in accordance with the terms and conditions provided hereunder.

- 2.3 The Transferor acknowledges and agrees that, the Target Equity Interests to be transferred by the Transferor to the Transferee are free from any Encumbrance; the Transferee obtains all the rights, titles, and interests, to and in the Target Equity Interests from the Closing Date, including but not limited to the ownership of the Target Equity Interests and any rights and interests in connection with or arising from such ownership.
- 2.4 The Transferor acknowledges and agrees, and ensures any other third parties, that they will waive their right of first refusal with respect to the Transaction hereunder and any other rights that may affect this Transaction.
- 2.5 As from the Closing Date, the shareholding structure of the Target Company will be shown in Part II of Appendix I to this Agreement, i.e. the Transferee will duly become a shareholder holding 100% equity interests in the Target Company (corresponding to the Target Company's registered capital of RMB 5,000,000), having corresponding rights and bearing corresponding obligations as a shareholder; the Transferor shall ensure that the Transferee and/or its Affiliates will acquire the actual control over the Target Company from the Closing Date.

Article 3 Transfer Consideration

3.1 Transfer Consideration

- 3.1.1 The Parties agree that, subject to the terms and conditions provided herein, the Transferee shall pay the total consideration of RMB 400,000,000 ("**Transfer Consideration**") to the Transferor for purchasing the Target Equity Interests held by the Transferor.
- 3.1.2 For the avoidance of doubt, the Transfer Consideration is the tax-inclusive price. Subject to separate written provisions (if any) among the Parties, the Transferee shall pay the Transfer Consideration to the Transferor within twenty (20) days from the third (3) anniversary of the date ("**Closing Date**") when all the prerequisites ("**Closing Prerequisites**") provided in Article 7.1 and Article 7.2 hereof are satisfied (or exempted by a relevant Party) ("**Closing**"), or within another period (if any) separately agreed among the Parties. The Parties agree that, after the Closing provided herein is completed, given that the arrangement for the payment of the Transfer Consideration above or the arrangement separately agreed in writing among the Parties for the payment of the Transfer Consideration is implemented as scheduled by the Parties, the effects of the Closing shall not be affected by the arrangement for the payment of the Transfer Consideration above or the arrangement separately agreed in writing among the Parties for the payment of the Transfer Consideration.

3.1.3 Unless otherwise agreed in writing between the Transferor and the Transferee, the Transferee shall, within five (5) Working Days following the end of each quarter, pay interests on outstanding Transfer Consideration to the Transferor at the annual single interest rate of 8.75%.

3.2 Fixed funds arrangement

The Parties acknowledge and agree that, the financial conditions of the Target Company on the Closing Date shall meet the following conditions on the principle of good faith and subject to relevant applicable accounting standards and policies, past practices, and general methods: total funds available in the bank accounts of the Target Company as of the Closing Date shall be no less than RMB 400,000,000.

3.3 Taxes and charges

The Parties hereto shall bear their respective tax and charges payable in connection with the Transaction hereunder in accordance with the provisions of applicable laws. Except for the service fees (1% of the Transfer Consideration, which are to be paid to the following account within five (5) days following the Closing Date by the Transferee or its Affiliates) payable to the financial advisor, Guangdong HMM Industry Group Co., Ltd., by the Transferee on the ground of this Transaction, the Parties shall bear their respective attorney, accountant, and other advisor fees incurred in connection with this Transaction.

Account name: Guangdong HMM Industry Group Co., Ltd.

Opening bank: China Merchants Bank Co., Ltd. Zhuhai Gongbei Branch

Account No.: ***

3.4 Pledge of equity interests

To guarantee the obligations (including but not limited to the payment of the Transfer Consideration and interests to the Transferor in accordance with the provisions of Article 3.1 hereof) of the Transferee under this Agreement, the Transferee agrees to cause its Affiliates to, within twenty (20) days following the Closing Date, pledge 100% equity interests in Ganzhou Aixin Online Small Loan Co., Ltd. to the Transferor or another domestic entity designated by the Transferor ("**Pledge of Pintec Small Loan Equity Interests**"), and sign an equity interest pledge agreement in the format and with the content satisfactory to the Transferor to complete the registration of the Pledge of Pintec Small Loan Equity Interests as soon as possible (except for a delay due to government regulation, within sixty (60) days following the Closing Date). The Transferor and the Transferee agree that they may engage in separate negotiation on other security in lieu of the Pledge of Pintec Small Loan Equity Interests.

Article 4 Closing

- 4.1 **On-site delivery.** The Parties agree that, on the Closing Date, the Transferee will send a representative to the office of the Target Company or another place separately agreed among the Parties, so as to take delivery of corresponding assets, documents, and archives of the Target Company on site from the representative designated by the Transferor. The representative designated by the Transferee shall, on the date of receiving the corresponding assets, documents, and archives provided herein, sign corresponding written confirmation documents based on the delivery. The assets, documents, and archives to be delivered include:
- 4.1.1 **Qualifications and licenses:** the original and duplicates of the Target Company's business license.
 - 4.1.2 **Stamps:** official stamp, contract stamp, financial stamp, and other stamps.
 - 4.1.3 **Organizational documents:** articles of association, shareholder register (if any), capital contribution certificates (if any), registration documents archived at the corporate registration authority, minutes/resolutions of shareholders' meetings (shareholders' decisions), and minutes/resolutions of board meetings (decisions of the executive director) since the incorporation of the Target Company.
 - 4.1.4 **Financial materials:** bank accounts (and the passwords or keys thereof), account USB key, and relevant management permissions.
 - 4.1.5 Other assets, documents, and archives (if any) in connection with the Target Company.
- 4.2 **Fixed cash and change in bank accounts.** The financial conditions of the Target Company on the Closing Date shall meet the requirements in Article 3.2 hereof, and the Promisor shall, at the request of the Transferee, go through formalities with the bank to change the name and stamp reserved for all bank accounts of the Target Company to the name and stamp of the person designated by the Transferee on the Closing Date.

Article 5 Representations and Warranties

- 5.1 From the Execution Date of this Agreement (inclusive) to the Closing Date (inclusive), the Promisor jointly and severally makes the following representations and warranties to the Transferee, and acknowledges that the Transferee enters into this Agreement and other Transaction Documents in reliance that such representations and warranties are true, accurate, and complete in all aspects; upon the violation of any representations and warranties, the Promisor shall jointly and severally compensate the Transferee for any losses in accordance with the provisions hereof:
- 5.1.1 **Incorporation in accordance with law.** The Target Company is a limited liability company duly incorporated and validly existing under the Laws of China in good standing.

- 5.1.2 **Legitimate rights of the Transferor to the Target Equity Interests.** Appendix I to this Agreement truly, accurately, and completely reflects the real shareholding structure of the Target Company as of and immediately prior to the Execution Date, and the Transferor has no disputes over the real shareholding ratio listed in Appendix I. The registered capital of the Target Company has been paid in full within the deadline in accordance with applicable Laws of China and the articles of association or other organizational documents, and the Target Company has no act of delaying in paying the registered capital, making false contribution, or illegally drawing back capital contributions. The paid-in registered capital of the Target Company, and the actual cash in its accounts, are from true and lawful source of funds. There are no existing or potential disputes, controversies, litigations, arbitrations, claims, enforcements, or other administrative or legal proceedings on the equity interests of the Target Company. The shareholders of the Target Company have never promised or actually issued, in any manner, any interests, equity interests, bonds, pre-emptive rights, subscription rights, convertible securities, option, employee incentive shares, or other rights not exercised, promises on additional shares, or rights and interests of the same or similar nature to any person other than the shareholders' equity, which may cause the Target Company or its shareholders to bear or possibly to bear the obligations of selling or increasing any registered capital of the Target Company. The equity interests in the Target Company are free from any proxy shareholding or similar arrangement, pledge, mortgage, security interest or any other encumbrance (including but not limited to any conditional sale or other title retention agreement, or any lease of such nature, any agreement creating any security interests, and any document designating any third party as loss payee), or any other third-party rights or interests (for the equity interests of any person, further including but not limited to any option, or conversion rights or right of first refusal of any nature). The Transferor has the right to transfer its equity interests in the Target Company in accordance with law.
- 5.1.3 **No business.** The Target Company has never carried out any actual business, has no employee or branch, has not entered into any contract with any third party, and has no outstanding obligations to any third party.
- 5.1.4 **No debts, no guarantees.** The Target Company has no debt, irrespective of incurred, determined, contingent, matured, or unmatured debts. In addition, the Target Company has not acted as the guarantor, compensator, warrantor, or other obligee for any liabilities of any Transferor or any third party, and has not provided any guarantee for the debt or other benefits of any Transferor or any third party.

- 5.1.5 **Legal and administrative proceedings.** There are no pending or, at the discretion of the Promisor, possible litigations, arbitrations, administrative investigations, administrative punishments, enforcement, or other legal or administrative proceedings or any claims that are initiated against or may affect the Target Company.
- 5.1.6 **Compliance with law.** The Target Company abides by all the applicable Laws of China and the statutory provisions of other applicable jurisdictions in all material aspects. The Target Company has never engaged in or conducted any event, circumstances, or conditions in serious violation of laws and regulations.
- 5.1.7 **Information disclosure.** All the documents, materials, and information provided by the Promisor to the Transferee before and after the execution of this Agreement are true, accurate, with no omissions, and not misleading in all material aspects, and there are no matters that should but have not been disclosed, and that may cause Material Adverse Effects on the Target Company or cause Material Adverse Effects on the decision of the Transferee for entering into the Transaction contemplated hereunder.
- 5.2 From the Execution Date of this Agreement (inclusive) to the Closing Date (inclusive), the Parties hereto respectively make the following representations and warranties to each other:
- 5.2.1 **Valid existence.** They are legal entities duly incorporated and validly existing under the Laws of China.
- 5.2.2 **Authorization; validity.** They have effectively signed this Agreement and other Transaction Documents to which they are a party. They have obtained all necessary authorization, permit, and approval (including but not limited to their internal authorization) for signing, delivering, and performing such documents and the rights and obligations thereunder. They are capable of entering into this Agreement and other Transaction Documents to which they are a party, and performing their obligations under such Transaction Documents. Their obligations and liabilities under this Agreement and other Transaction Documents are lawful, valid, and enforceable.
- 5.2.3 **No conflict.** By entering into, delivering, and performing this Agreement, other Transaction Documents to which they are a party, and the rights and obligations under such Transaction Documents, they will not violate the Laws of China, violate their articles of association or other organizational documents, or violate court judgments, rulings, arbitration awards, administrative decisions, or orders binding on or applicable to them.
- 5.3 **Survival of the representations and warranties.** Any representations and warranties submitted under and in accordance with this Agreement shall survive the execution of this Agreement and the transfer of the Target Equity Interests under this Agreement.

- 6.1 **Undertakings of the Promisor.** The Promisor makes the following undertakings with respect to the acts of the Target Company in the undertakings.
- 6.1.1 **Waiver and exemption.** The Transferor acknowledges and agrees that, as of the Closing Date of this Transaction, the Transferor will waive any right, request, or claim (if any) to the Target Company, and the Target Company will have no outstanding obligations or liabilities to the Transferor.
- 6.1.2 **Registration of changes with the administration for industry and commerce.** After the Closing Date, the Target Company shall, and the Transferor shall cause the Target Company to, complete the registration of changes with the corresponding Administration for Market Regulation within sixty (60) days after being instructed by the Transferee in accordance with the instruction of the Transferee, and obtain the new business license issued by the corresponding Administration for Market Regulation. The registration of changes with the administration for industry and commerce shall reflect the following: (i) the shareholder and shareholding structure of the Target Company after the change are as follows: the Transferee or its designated Affiliate, holding 100% equity interests in the Target Company; (ii) filing and registration of the new articles of association; and (iii) resignation of original major staff of the Target Company, and filing and registration of newly appointed major staff. During the process of change registration with the corresponding Administration for Market Regulation for the Transaction under the Transaction Documents, the Promisor shall cooperate by providing and/or signing documents required for the change registration with the administration for industry and commerce (“**Documents for Registration**”). The Parties acknowledge that substantial provisions of the Documents for Registration shall be consistent with this Agreement; provided, however, that the provisions of this Agreement prevail in the event of any conflict between the Documents for Registration and this Agreement. The Parties further acknowledge that, where the Transferee designates its Affiliate to hold 100% equity interests in the Target Company, the change registration of the Target Company above shall be subject to the conclusion of a written supplementary agreement among the Parties in the form and with the content to the satisfaction of the Parties.
- 6.2 **Undertakings of the Transferee.**
- 6.2.1 The Transferee undertakes to perform any of its undertakings to the Transferor and the Affiliates thereof in accordance with the provisions of this Agreement and any supplementary agreement (if any) to this Agreement.

Article 7 Closing Prerequisites

- 7.1 **Closing prerequisites for the Transferee.** The Transferee's performance of the obligations under Article 4.1 and the obligations (if any) separately confirmed in writing by the Parties on the Closing Date shall be subject to the satisfaction or written exemption by the Transferee at its own discretion of all the following conditions.
- 7.1.1 **Signing of Transaction Documents.** The Parties have duly signed the Transaction Documents to which they are a party, and have delivered the signed Transaction Documents to the Transferee.
- 7.1.2 **Representations, warranties, and undertakings.** The representations and warranties of each Promisor in this Agreement are true, accurate, complete, and not misleading in all aspects from the Execution Date of this Agreement (inclusive) to the Closing Date (inclusive).
- 7.1.3 **No legal proceedings.** There are no existing, pending, or potential administrative proceedings, judicial proceedings, or any claims raised by any government authority or any other entity, which, according to the reasonable judgement of the Transferee, may cause this Transaction to be prohibited, restricted, or otherwise hindered in all or material aspects, or otherwise lead to challenges, claims, or other remedies to this Transaction in all or material aspects, or may cause restrictions, conditions, or interference to this Transaction in all or material aspects.
- 7.1.4 **No legal restrictions.** There are no effective Laws of China, other applicable laws, or any agreements, contracts, or documents prohibiting or restricting the completion of this Transaction.
- 7.1.5 **Approval procedure.** The shareholder (shareholders' meeting) and board of directors/executive director of the Target Company have duly passed relevant written resolutions, (i) approving the execution, delivery, and performance of the Transaction Documents, and waiving its right of first refusal and any other rights that may affect this Transaction, (ii) passing the new articles of association of the Target Company to the satisfaction of the Transferee ("**New Articles of Association**"), and (iii) dismissing the existing legal representative, responsible person, directors (or executive director), supervisors, manager, corporate contact, financial responsible person, etc. ("**Resignation by Original Major Staff**") of the Target Company from their posts, and electing the new legal representative, responsible person, directors (or executive director), supervisors, manager, corporate contact, financial responsible person, etc. of the Target Company designated by the Transferee ("**Election of New Major Staff**").
- 7.1.6 **Approval procedure of the Transferee.** The shareholders' meeting (if applicable) and/or board of directors of the Transferee and its overseas Affiliate Pintec Technology Holdings Limited ("**Cayman Company**") have duly passed relevant written resolutions, approving the execution, delivery, and performance of the Transaction Documents.

- 7.1.7 **Certificate of Satisfaction of Closing Prerequisites.** The Promisor has issued a Certificate of Satisfaction of Closing Prerequisites to the Transferee in the format and with the content shown in Appendix II to this Agreement, confirming that all the closing prerequisites under Article 7.1 have been satisfied.
- 7.2 **Closing prerequisites for the Transferor.** The Transferor's performance of the obligations under Article 4.1 on the Closing Date shall be subject to the satisfaction or written exemption by the Transferor at its own discretion of all the following conditions.
- 7.2.1 **Signing of Transaction Documents.** The Parties have duly signed the Transaction Documents to which they are a party, and have delivered the signed Transaction Documents to the Transferor.
- 7.2.2 **Representations, warranties, and undertakings.** The representations and warranties of the Transferee and the Cayman Company in this Agreement and other Transaction Documents are true, accurate, complete, and not misleading in all aspects from the Execution Date of this Agreement (inclusive) to the Closing Date (inclusive).
- 7.2.3 **No legal proceedings.** There are no existing, pending, or potential administrative proceedings, judicial proceedings, or any claims raised by any government authority or any other entity, which, according to the reasonable judgement of the Transferee, may cause this Transaction to be prohibited, restricted, or otherwise hindered in all or material aspects, or otherwise lead to challenges, claims, or other remedies to this Transaction in all or material aspects, or may cause restrictions, conditions, or interference to this Transaction in all or material aspects.
- 7.2.4 **No legal restrictions.** There are no effective Laws of China, other applicable laws, or any agreements, contracts, or documents prohibiting or restricting the completion of this Transaction.
- 7.2.5 **Approval procedure of the Transferee.** The shareholders' meeting (if applicable) and/or board of directors of the Transferee and the Cayman Company have duly passed relevant written resolutions, approving the execution, delivery, and performance of the Transaction Documents.
- 7.2.6 **Certificate of Satisfaction of Closing Prerequisites.** The Transferee and the Cayman Company have issued a Certificate of Satisfaction of Closing Prerequisites to the Transferor in the format and with the content shown in Appendix III to this Agreement, confirming that all the closing prerequisites under Article 7.2 have been satisfied.

- 7.3 The Promisor shall ensure that the closing prerequisites provided in Article 7.1 hereof are satisfied as early as possible, and the Transferee shall ensure that the closing prerequisites provided in Article 7.2 hereof are satisfied as early as possible, and in any event, the Closing Date shall not be later than October 31, 2020 or another date separately agreed by the Transferor and Transferee (“**Closing Deadline**”). After the execution of this Agreement, if any closing prerequisites provided in Article 7.1 or Article 7.2 hereof are not satisfied or exempted in writing by a relevant Party (as the case may be) by the Closing Deadline, the Transferee (given that all the matters under Article 7.2 have been completed) or the Promisor (given that all the matters under Article 7.1 have been completed) has the right to terminate this Agreement by sending a written notice in accordance with the provisions of Article 9 hereof.

Article 8 Default and Compensation

- 8.1 **General default liabilities.** If any Party violates any representations, warranties, undertakings, agreement, or any other provisions hereunder, or any representation/warranty made by any Party hereunder is untrue, inaccurate, incomplete, or misleading, resulting in any expenses, liabilities, or losses to other Parties (“**Reimbursable Losses**”), the violating Party or the Party making the misrepresentation shall compensate the other Parties of all the Reimbursable Losses.

Article 9 Termination

9.1 Circumstances for rescinding this Agreement

This Agreement may be rescinded if:

- 9.1.1 The Parties unanimously agree to rescind this Agreement by written agreement and determine the date of rescission;
- 9.1.2 Prior to the Closing Date, any Party may notify other Parties in writing to rescind this Agreement upon the occurrence of any of the following circumstances:
- (1) For the right of the Transferee to rescind this Agreement only, the closing prerequisites provided in Article 7.1 hereof are not satisfied or not exempted in writing by the Transferee by the Closing Date (provided, however, that the Transferee has completed all the matters under Article 7.2);
 - (2) For the right of the Promisor to rescind this Agreement only, the closing prerequisites provided in Article 7.2 hereof are not satisfied or not exempted in writing by the Transferor by the Closing Date (provided, however, that the Transferor has completed all the matters under Article 7.1);
 - (3) The representations or warranties made by any other Party are untrue, inaccurate, incomplete, have omissions, or misleading at the time of making such representations or warranties or on the Closing Date, causing or reasonably expected to cause Material Adverse Effects on the Target Company or the Parties in performing the provisions hereof or completing this Transaction;

- (4) Any other Party hereto has a serious violating act, and the violating Party fails to rectify the violation within thirty (30) days after receiving a notice from the Transferee requesting rectification;
- (5) Any other Party hereto is subject to voluntary or mandatory bankruptcy proceedings (unless such proceedings are revoked within 90 days after being initiated), or any other Party is declared bankrupt by a court or another government authority;
- (6) The performance of this Agreement is affected seriously for over 6 consecutive months due to Force Majeure; or
- (7) Main objectives under this Agreement cannot be achieved or a relevant Party cannot achieve main benefits under this Agreement due to material changes in any applicable Law of China or the interpretation thereof, or due to the amendments, supplements, or revocation made by any government authority on applicable laws and regulations or the interpretations thereof.

9.2 Effects of rescission

- 9.2.1 Unless otherwise provided herein, after this Agreement is rescinded in accordance with any item in Article 9.1, this Agreement shall be invalidated immediately except for Article 8 to Article 12, which shall survive such rescission.
- 9.2.2 Unless otherwise provided herein, after this Agreement is rescinded, the Parties hereto shall, on the principles of fairness, reasonableness, and good faith, make greatest efforts to restore the conditions prior to the execution of this Agreement within thirty (30) days or another period separately determined by the Parties, including but not limited to transferring the Target Equity Interests back to the Transferor, and refunding the collected Transfer Consideration to the bank account designated by the Transferee. The rescission of this Agreement does not affect the rights of any Party to obtain the compensation or indemnification under this Agreement.

Article 10 Force Majeure

- 10.1 If any Party hereto cannot perform or fully perform this Agreement for the direct reason of earthquake, typhoon, flood, fire, epidemic, war, riot, hostilities, public disorder, strike, pestilence, serious contagious disease, or any other force majeure event that is unforeseeable and unavoidable by the affected Party ("**Force Majeure**"), the Party affected by such Force Majeure shall not be held liable for such failure or partial failure; provided, however, that the affected Party shall immediately send a written notice to other Parties without any delay in the manner provided in Article 12.10 hereof, and within fifteen days after sending such written notice, provide the other Parties with details about such force majeure event to explain the reasons for the failure or partial failure or the necessity for extended performance.

- 10.2 If the Party claiming Force Majeure fails to notify other Parties and provide proper evidence described above, it shall not be released from the responsibilities of failing to perform its obligations hereunder. The Party affected by Force Majeure shall make reasonable efforts to minimize the consequences of the Force Majeure, and shall resume the performance of all relevant obligations as soon as possible after the Force Majeure stops. If the Party affected by Force Majeure fails to resume the performance of relevant obligations after the cause of preventing the performance due to Force Majeure disappears, such Party shall be held correspondingly liable to other Parties.
- 10.3 Upon the occurrence of Force Majeure, the Parties shall engage in negotiation immediately to reach a fair solution, and shall make all reasonable efforts to minimize the consequences of such Force Majeure.

Article 11 Confidentiality

- 11.1 The Parties shall keep the confidentiality of the fact that the Parties have entered into this Agreement, the provisions of this Agreement, the confidential information and technical secrets obtained by the Parties during the term of Transaction Documents, and any oral or written materials of a confidential nature exchanged among the Parties for making preparation for or performing the Transaction Documents, and shall not disclose such information to any third party.
- 11.2 The Transferor and its shareholders, partners, *de facto* beneficial owners understand that, after the Closing Date, business secrets will be critical for the Target Company and/or Transferee, and the disclosure of such business secrets may directly or indirectly benefit the competitor of the Target Company and/or Transferee, and cause losses to the interests of the Target Company and/or Transferee and/or their respective Affiliates. Therefore, the Transferor agrees that, after the execution of this Agreement, except for the purpose of performing the obligations of the Transferor and Target Company under this Agreement, the Transferor shall, and shall cause its Affiliates, and the directors, managers, employees, accountants, advisors, representatives, and agents of the Transferor and its Affiliates to, keep the confidentiality of all business secrets, and take all reasonable measures to protect the confidentiality and prevent the disclosure and use of business secrets, so as to keep the business secrets from entering the public domain or be owned by unauthorized persons. After the Closing, without the prior written consent of the Transferee, the Promisor and Transferor shall not, and shall cause their respective shareholders, partners, and *de facto* beneficial owners not to, disclose, duplicate, or use the business secrets in any manner, and shall perform the delivery obligations to the Transferee in accordance with the provisions of Article 4 hereof, or delete and destroy any objects or media containing the business secrets or abstracts thereof at the request of the Transferee.

- 11.3 The Transferee agrees that, prior to the Closing Date, except for the purpose of performing its obligations hereunder, the Transferee shall, and shall cause its Affiliates, directors, managers, employees, accountants, advisors, representatives, and agents to keep the confidentiality of all business secrets.
- 11.4 The restriction above is not applicable to: information that is (i) publicly known at the time of disclosure; (ii) disclosed with the prior written consent of the other Party; (iii) for the purpose of the Transaction hereunder, disclosed to the Affiliates, directors, managers, employees, accountants, advisors, representatives, and agents of a Party who have agreed to perform confidentiality obligations; or (iv) disclosed at the request of a government authority or stock exchange having jurisdiction over a Party. If applicable, the disclosing Party shall, within a reasonable period prior to the disclosure above, negotiate with other Parties on such disclosure, and try its best to seek confidential treatment for such disclosure according to the reasonable requirements of other Parties.
- 11.5 Without the prior written consent of the Parties, neither Party may issue any news release, announcement, or other public disclosure with respect to this Transaction.

Article 12 Miscellaneous

- 12.1 **Effective Date.** This Agreement, being effective as from the date first written above after being duly signed by the Parties, constitutes lawful, valid, and binding rights and obligations of the Parties, and may be enforced according to the provisions hereof.
- 12.2 **Applicable law.** The execution, validity, performance, interpretation, termination, and dispute resolution of this Agreement shall be governed by the Laws of China.
- 12.3 **Dispute resolution.** Any dispute, controversy, or complaint arising from or in connection with this Agreement or the interpretation, violation, termination, or validity of this Agreement shall be solved through negotiation. The negotiation shall be started immediately when a Party hereto sends a written notice requesting negotiation to another Party. If the negotiation fails, either Party may submit the dispute to Beijing Arbitration Commission for arbitration in Beijing in accordance with the arbitration rules of the commission in force at the time of the application for arbitration. The arbitration award shall be final, and binding on the Parties. During the arbitration proceedings under this Article, except for the matters under arbitration, this Agreement shall remain in full force and effect in all other aspects. Except for the obligations involved in the matters under arbitration, the Parties shall continue to perform their obligations and exercise their rights under this Agreement.

- 12.4 **Short form of agreement.** The Parties agree that, to facilitate the government procedure in connection with this Transaction, the Parties shall negotiate in good faith to separately enter into any other contracts, agreements, or documents (including but not limited to short-form equity interest transfer agreements and other documents required to be signed by the Administration for Market Regulation and/or for tax filing, if applicable) in connection with the matters hereunder; provided, however, that in the event of any conflict or inconsistency between such contracts, agreements, or documents and this Agreement, this Agreement prevails.
- 12.5 **Entire agreement.** This Agreement is the entire agreement reached among the Parties hereto with respect to the matters hereunder, and supersedes all oral or written, explicit or implicit agreements, provisions, representations, and conditions made prior to the execution of this Agreement.
- 12.6 **Waiver.** The failure or delay of any Party hereto in exercising any rights or remedies provided in this Agreement and its amendments or supplementary agreement shall not constitute or be deemed as a waiver hereof and thereof; any single or partial exercise of such rights and remedies shall not preclude further exercise of such rights and remedies.
- 12.7 **Severability.** If any provision herein is held as unlawful, invalid, or unenforceable, the Parties agree that such provision shall be enforceable to the maximum extent permitted to realize the intentions of the Parties, and the validity, legality, and enforceability of all other provisions hereof shall not be damaged in any manner. If it is necessary to make the intentions of the Parties effective, the Parties will negotiate in good faith to amend this Agreement so that such unenforceable text can be replaced with enforceable text close to such intention.
- 12.8 **Notices.** Any notice or other communication (each a “**Notice**”) given by a Party to another Party in connection with this Agreement shall be made in writing and shall be deemed to have been effectively given if it is delivered to the receiving Party at the following mailing address, number or email address and addressed to the designated contact person of the receiving Party. Any Notice sent pursuant to the provision above shall be deemed to have been effectively given: (i) if delivered in person, when signed for by the addressee; (ii) for any Notice that can be delivered by post shall be sent by registered mail or express delivery, seven (7) days after it is put into the post if sent by registered mail, or when signed for by the addressee if sent by express delivery; (iii) when the Notice sent by email reaches the email system of the recipient. In case of any change in the mailing address or contact information of a Party (the “**Changing Party**”) as set out above, such Changing Party shall notify the other Parties within seven (7) days following such change, failing which, the Changing Party shall bear the losses arising therefrom.

Transferor

Address: Room 1418, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia
Tel.: ***
Contact: Li Xiaojia

Target Company (before Closing)

Address: Room 1417, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia
Tel.: ***
Contact: Li Xiaojia

Transferee and Target Company (after Closing)

Address: 9/F, Heng An Building, Chaoyang District, Beijing
Tel.: ***
Contact: Shen Yanling

- 12.9 **Use of names.** Without the prior written consent of other Parties, neither Party may, and such Party shall ensure its Affiliates not to, for any marketing, advertising, promotion, or other purpose, use, publish, or duplicate the name of other Parties or any of their Affiliates, or similar corporate names, trade names, trademarks, products or service names, domain names, patterns, symbols, logos, or employ specific description so that a third party can identify the other Parties or any of their Affiliates.
- 12.10 **Transfer and succession.** This Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Parties hereto, and such successors and assignees shall enjoy the interests hereunder and bear the obligations hereunder. The Transferee has the right to assign or transfer its rights, interests and obligations under this Agreement and other Transaction Documents to its Affiliates. Without the prior written consent of the Transferee, none of the remaining Parties may assign or transfer any of its rights or obligations hereunder.
- 12.11 **Amendments and supplements to this Agreement.** The Parties shall make amendments and supplements to this Agreement via written agreements. The amended and supplementary agreement duly executed by the Parties hereto with respect to this Agreement shall be part of and be equally authentic as this Agreement.
- 12.12 **Appendix.** The appendices hereto are an integral part of this Agreement, supplement the body of this Agreement, and have equal legal effect as this Agreement. In the event of a conflict between the appendices hereto and this Agreement, the provisions in the text of this Agreement prevail, and shall be amended correspondingly.
- 12.13 **Language and counterparts.** This Agreement is written in Chinese. This Agreement may be signed in multiple counterparts, and each counterpart has the same legal force.

(The remainder of this page is intentionally left blank)

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to sign this Agreement on the date first written above.

Target Company:

Yinchuan Chuanxi Technology Co., Ltd. (Seal)

/s/ Yinchuan Chuanxi Technology Co., Ltd.

Signature: /s/ Ning Xu

Name: Ning Xu

Title: Legal representative

Signature Page to the Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to sign this Agreement on the date first written above.

Transferor:

Ningxia Fengyin Enterprise Management Consulting LLP (Seal)

/s/ Ningxia Fengyin Enterprise Management Consulting LLP

Signature: /s/ Xiaojia Li

Name: Xiaojia Li

Title: Executive partner/authorized representative

Signature Page to the Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to sign this Agreement on the date first written above.

Transferee:

Pintec (Yinchuan) Technology Co., Ltd. (Seal)

/s/ Pintec (Yinchuan) Technology Co., Ltd.

Signature: /s/ Xiaofeng Cui

Name: Xiaofeng Cui

Title: Legal representative

Signature Page to the Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.

Appendix I Shareholding Structure of the Target Company

Part I Shareholding structure of the Target Company prior to the Closing Date

As of the Execution Date of this Agreement, the shareholding structure of the Target Company is as follows:

#	Shareholder	Registered capital (RMB/Yuan)	Shareholding ratio	Remarks
1.	Ningxia Fengyin Enterprise Management Consulting LLP	5,000,000	100%	Transferor
	Total		100%	—

Part II Shareholding structure of the Target Company from the Closing Date

From the Closing Date, the shareholding structure of the Target Company is as follows:

#	Shareholder	Registered capital (RMB/Yuan)	Shareholding ratio	Remarks
1.	Pintec (Yinchuan) Technology Co., Ltd.	5,000,000	100%	Transferee
	Total		100%	—

Appendix

Appendix II Certificate of Satisfaction of Closing Prerequisites

In accordance with the provisions of Article 7.1.7 of the *Equity Interest Transfer Agreement of Ningxia Fengyin Enterprise Management Consulting LLP* (“**Equity Interest Transfer Agreement**”) entered into by and among Yinchuan Chuanxi Technology Co., Ltd. (“**Target Company**”), Ningxia Fengyin Enterprise Management Consulting LLP (“**Transferor**”), Pintec (Yinchuan) Technology Co., Ltd. (“**Transferee**”), and other relevant parties on October 22, 2020, the Promisor hereby issues this Certificate of Satisfaction (“**Certificate**”) to prove the following:

1. From the Execution Date of the Equity Interest Transfer Agreement to the issuance date of this Certificate, the representations and warranties made by the Promisor in Article 5 of the Equity Interest Transfer Agreement are fully true, complete, accurate, and valid in all material aspects without any misleading information or omissions;
2. As of the issuance date of this Certificate, all the closing prerequisites under Article 7.1 of the Equity Interest Transfer Agreement (except for Article 7.1.6, which is subject to the determination of the Transferee) have been satisfied.

Words not specifically defined in this Certificate have the same meanings as in the Equity Interest Transfer Agreement and appendices hereto.

Now therefore, the following parties sign this Certificate on October 22, 2020. This Certificate shall become effective on the signing date.

[The remainder of this page is for signature only]

Ningxia Fengyin Enterprise Management Consulting LLP (Seal)

/s/ Ningxia Fengyin Enterprise Management Consulting LLP

Signature: /s/ Xiaojia Li
Name: Xiaojia Li
Title: Executive partner/authorized representative

Yinchuan Chuanxi Technology Co., Ltd. (Seal)

/s/ Yinchuan Chuanxi Technology Co., Ltd.

Signature: /s/ Ning Xu
Name: Ning Xu
Title: Legal Representative

Appendix

Appendix III Certificate of Satisfaction of Closing Prerequisites

In accordance with the provisions of Article 7.2.6 of the *Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.* (“**Equity Interest Transfer Agreement**”) entered into by and among Yinchuan Chuanxi Technology Co., Ltd. (“**Target Company**”), Ningxia Fengyin Enterprise Management Consulting LLP (“**Transferor**”), Pintec (Yinchuan) Technology Co., Ltd. (“**Transferee**”), and other relevant parties on October 22, 2020, the Transferor and Cayman Company hereby issue this Certificate of Satisfaction (“**Certificate**”) to prove the following:

1. From the Execution Date of the Equity Interest Transfer Agreement to the issuance date of this Certificate, the representations and warranties made by the Transferee in Article 5 of the Equity Interest Transfer Agreement and the representations and warranties made by the Cayman Company in other Transaction Documents are fully true, complete, accurate, and valid in all material aspects without any misleading information or omissions;
2. As of the issuance date of this Certificate, all the closing prerequisites under Article 7.2 of the Equity Interest Transfer Agreement have been satisfied.

Words not specifically defined in this Certificate have the same meanings as in the Equity Interest Transfer Agreement and appendices hereto.

Now therefore, the following parties sign this Certificate on October 22, 2020. This Certificate shall become effective on the signing date.

[The remainder of this page is for signature only]

Pintec Technology Holdings Limited

/s/ Pintec Technology Holdings Limited

Signature: /s/ Jun Dong
Name: Jun Dong
Title: Director

Pintec (Yinchuan) Technology Co., Ltd. (Seal)

/s/ Pintec (Yinchuan) Technology Co., Ltd.

Signature: Director
Name: Director
Title: Director

Appendix

Supplementary Agreement

This Supplementary Agreement (“**Supplementary Agreement**”) is entered into by and among the following parties in Beijing, China on October , 2020:

1. **Yinchuan Chuanxi Technology Co., Ltd.**, a limited liability company incorporated and existing under the laws of China, having its registered address at: Room 1417, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Target Company**”);
2. **Ningxia Fengyin Enterprise Management Consulting LLP**, a limited partnership incorporated and existing under the laws of China, having its registered address at: Room 1418, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Transferor**”); and
3. **Pintec (Yinchuan) Technology Co., Ltd.**, a limited liability company incorporated under the laws of China, having its registered address at: Room 1410, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, Yinchuan City, Ningxia (“**Transferee**”).

The parties above are referred to individually as a “**Party**” and collectively as the “**Parties**”.

Whereas:

- (1) The Parties entered into the *Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.*, as shown in Appendix I hereto, on October 2020 (“**Equity Interest Transfer Agreement**” or “**Original Agreement**”).
- (2) According to the Equity Interest Transfer Agreement, the Transferor agrees to sell to the Transferee the 100% equity interests held by the Transferor in the Target Company (“**Target Equity Interests**”), and the Transferee agrees to acquire the Target Equity Interests from the Transferor at the total equity interest transfer consideration of RMB 400,000,000 (“**Transfer Consideration**”).
- (3) To reach a further agreement on the payment of the Transfer Consideration of Target Equity Interests, the Parties agree to make the following arrangement through negotiation to supplement relevant provisions in the Original Agreement.

Now therefore, the Parties agree to reach the Supplementary Agreement as follows with respect to relevant matters in the Original Agreement:

1 Transfer Consideration

The Parties agree to modify and adjust the provisions on the Transfer Consideration provided in Article 3.1 of the Original Agreement, so that the Transferee shall pay the Transfer Consideration to the Transferor as follows:

- 1.1 **Grant of Warrants.** Within two (2) Working Days following the Closing Date (defined in the Equity Interest Transfer Agreement) or the date when the Transferee receives the certificate of incorporation of the overseas entity ("**Warrant Holder**") designated by the Transferor (whichever is latter), the Transferee shall cause the Cayman Company to grant the warrant in the format and with the content shown in Appendix II to the Warrant Holder ("**Warrant**"). Under the Warrant, the Warrant Holder has the right (but no obligation) to subscribe to a certain number of American Depositary Shares ("**ADS**", every ADS representing 7 series A ordinary shares of the Cayman Company with the face value of USD 0.000125 per share) of the overseas Affiliate, Pintec Technology Holdings Limited ("**Cayman Company**"), of the Transferee by exercising the Warrant in whole or in part in accordance with the conditions and methods provided in the Warrant, hence becoming a shareholder of the Cayman Company. Other core provisions of the Warrant shall include: (i) the number of series A ordinary shares of the Cayman Company ("**Target Shares of the Cayman Company**") that may be subscribed upon each exercise of the Warrant shall be the quantity calculated by using the following formula (320,036,576 series A ordinary shares, subject to the adjustment provided in the Warrant): subject to the provisions of the Warrant, USD amount (at the ratio of 6.73:1 between RMB and USD, i.e. not greater than USD 59,435,364) equivalent to the RMB amount that is determined by the Warrant Holder and not greater than the Transfer Consideration (i.e. not greater than RMB 400,000,000), divided by agreed per-ADS unit price (i.e. USD 1.30, subject to the adjustment provided in such Warrant), multiplied by the number of series A ordinary shares represented by one ADS (i.e. 7 shares, subject to the adjustment provided in such Warrant); (ii) the exercise consideration for subscribing to the Target Shares of the Cayman Company shall be the minimum unit price permitted under law (i.e., the face value USD 0.000125 of series A ordinary shares); (iii) unless otherwise provided by the Warrant, the exercise period of the Warrant shall expire on the earlier of (x) the third (3) anniversary of the Closing Date, or (y) the date when the Warrant is fully exercised ("**Warrant Exercise Period**").

- 1.2 **Exercise of the Warrant.** The Warrant Holder has the right to exercise, in whole or in part, the Warrant for one or more times during the Warrant Exercise Period at its own discretion. When intending to exercise the Warrant, the Warrant Holder shall send an exercise notice (“**Exercise Notice**”) to the Cayman Company, stating the number of Target Shares of the Cayman Company to be subscribed to by the Warrant Holder. From the date when the Cayman Company issues the subscribed Target Shares of the Cayman Company to the Warrant Holder, it shall be deemed that the Transferee has paid the corresponding Transfer Consideration calculated in accordance with Article 1.1 of this Supplementary Agreement by issuing the Target Shares of the Cayman Company to the Transferor through the Cayman Company.
- 1.3 **Payment of Transfer Consideration.** If, upon or prior to the expiration of the Warrant Exercise Period, the Warrant Holder has fully exercised the Warrant to subscribe to and obtain all the Target Shares of the Cayman Company under the Warrant, the Transferee does not need to pay any Transfer Consideration to the Transferor. If, upon the expiration of the Warrant Exercise Period, the Warrant Holder has not exercised or fully exercised the Warrant, the Transferee shall, within twenty (20) days from the expiration of the Warrant Exercise Period, pay the Transferor the consideration calculated by using the following formula (“**Outstanding Cash Consideration**”) and outstanding interests calculated in accordance with Article 1.4 of this Supplementary Agreement. The Warrant Holder may separately extend, in writing, the Warrant Exercise Period to a longer period.

Upon the occurrence of the following circumstances (“**Serious Event of Default**”), the Transferor has the right to require the Transferee to pay the Outstanding Cash Consideration prior to the expiration of the Warrant Exercise Period, and the Transferee shall, within twenty (20) days from receiving a written notice from the Transferor, make full payment of the Outstanding Cash Consideration to the Transferor; from the date when the Transferee makes full payment of the Outstanding Cash Consideration and corresponding outstanding interests, the Warrant not exercised or not fully exercised shall be terminated automatically:

- (1) The Transferee and/or Cayman Company seriously violate/violates the provisions of the Warrant, preventing the Warrant Holder from exercising its rights granted under the Warrant for subscribing to the shares of the Cayman Company;

- (2) The Transferee fails to use the cash in the account of the Target Company for the purpose separately agreed in writing between the Transferor and the Transferee;
- (3) The Transferee fails to provide the equity interest pledge security in the manner separately agreed in writing between the Transferor and Transferee, and fails to correspondingly pledge the equity interests within twenty (20) days upon being requested in writing by the Transferor;
- (4) Other Serious Events of Default (if any) separately agreed in writing between the Transferor and the Transferee.

Outstanding Cash Consideration = RMB 400,000,000 - (Number of Target Shares of the Cayman Company obtained by the Warrant Holder by exercising such Warrant / 7 * USD 1.30 * fixed exchange rate 6.73; for the avoidance of doubt, the number (7) of Target Shares of the Cayman Company represented by one ADS and the per-ADS unit price (USD 1.30) shall be subject to the adjustment provided in such Warrant.

- 1.4 **Interests on Delayed Transfer Consideration.** During the Warrant Exercise Period, without the consent of the Transferor, the Transferee shall not make early payment in cash for the Transfer Consideration in full or in part. The Parties further agree that the Transferee shall pay interests on the Outstanding Cash Consideration to the Transferor in accordance with the following provisions: Within five (5) Working Days following the end of each quarter, pay the interests for the quarter on the Outstanding Cash Consideration at the annual single interest rate of 8.75% (“**Interests on Transfer Consideration**”). For the avoidance of doubt, the Interests on Transfer Consideration for each quarter equals the sum of interests on every RMB of the Outstanding Cash Consideration in the quarter (“**Per-RMB Interests on Transfer Consideration**”), where the Per-RMB Interests on Transfer Consideration is calculated by using the following formula:

$A = B * 8.75\% / 365$, where,

A refers to the Per-RMB Interests on Transfer Consideration; and

B refers to the number of days pending payment (or deemed payment in accordance with this Supplementary Agreement) to the Transferor of the RMB of the Outstanding Cash Consideration during the quarter.

- 1.5 If the Transferee pays the corresponding Transfer Consideration to the account designated by the Transferor in accordance with this Supplementary Agreement, or the Cayman Company issues corresponding Target Shares of the Cayman Company to the Warrant Holder in accordance with the Warrant, it shall be deemed that the Transferee has fully performed its obligations of paying the corresponding amount to the Transferor.

2 Miscellaneous

- 2.1 This Supplementary Agreement shall become effective as of the date of execution by the Parties.
- 2.2 The appendices hereto are an integral part of this Supplementary Agreement, and have equal legal effect as this Supplementary Agreement.
- 2.3 Any supplements or amendments to this Supplementary Agreement shall be made in writing.
- 2.4 This Supplementary Agreement, as an integral part of the Original Agreement, supplements the Original Agreement as a “Transaction Document” provided in the Original Agreement. The Parties acknowledge that, among the Parties to this Supplementary Agreement, in the event of a conflict between any provisions of the Original Agreement and the provisions of this Supplementary Agreement, this Supplementary Agreement prevails; in the absence of provisions in this Supplementary Agreement, the provisions of the Original Agreement shall be followed. The invalidity or unenforceability of any portion or provision of this Supplementary Agreement for any reason shall not affect the validity of other portions or provisions.
- 2.5 Neither Party may transfer its rights or obligations under this Supplementary Agreement to a third party without the prior written consent of other Parties.
- 2.6 Unless otherwise specifically described or defined herein, terms used in this Supplementary Agreement shall have the same meanings as in the Original Agreement.
- 2.7 This Supplementary Agreement is made in Chinese in three (3) counterparts, each Party holding one (1) counterpart.

[The following of this page is left blank; the signature page follows]

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Target Company:

Yinchuan Chuanxi Technology Co., Ltd. (Seal)

/s/ Yinchuan Chuanxi Technology Co., Ltd.

Signature: /s/ Ning Xu

Name: Xu Ning

Title: Legal representative

Signature Page

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Transferor:

Ningxia Fengyin Enterprise Management Consulting LLP (Seal)

/s/ Ningxia Fengyin Enterprise Management Consulting LLP

Signature: /s/ Xiaojia Li

Name: Xiaojia Li

Title: Executive partner/authorized representative

Signature Page

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Transferee:

Pintec (Yinchuan) Technology Co., Ltd. (Seal)

/s/ Pintec (Yinchuan) Technology Co., Ltd.

Signature: /s/ Xiaofeng Cui

Name: Xiaofeng Cui

Title: Executive partner/authorized representative

Signature Page

Appendix I

Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.

Appendix

Attachment II

Warrant

Appendix

Supplementary Agreement

This Supplementary Agreement (“**Supplementary Agreement**”) is entered into by and among the following parties in Beijing, China on October 22, 2020:

1. **Yinchuan Chuanxi Technology Co., Ltd.**, a limited liability company incorporated and existing under the laws of China, having its registered address at: Room 1417, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Target Company**”);
2. **Ningxia Fengyin Enterprise Management Consulting LLP**, a limited partnership incorporated and existing under the laws of China, having its registered address at: Room 1418, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, No. 490 Ning’an Street, Jinfeng District, Yinchuan City, Ningxia (“**Transferor**”); and
3. **Pintec (Yinchuan) Technology Co., Ltd.**, a limited liability company incorporated under the laws of China, having its registered address at: Room 1410, 15A/F, Building 1, Phase 3 of Yinchuan iBi Yucheng Center, Yinchuan City, Ningxia (“**Transferee**”).

The parties above are referred to individually as a “**Party**” and collectively as the “**Parties**”.

Whereas:

- (1) The Parties entered into the *Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.*, as shown in Appendix I hereto, on October 22, 2020 (“**Equity Interest Transfer Agreement**”), and entered into the *Supplementary Agreement*, as shown in Appendix II hereto on October 22, 2020 (“**Supplementary Agreement I**”, together with the Equity Interest Transfer Agreement, the “**Original Agreements**”).
- (2) According to the Equity Interest Transfer Agreement, the Transferor agrees to sell to the Transferee the 100% equity interests held by the Transferor in the Target Company (“**Target Equity Interests**”), and the Transferee agrees to acquire the Target Equity Interests from the Transferor at the total equity interest transfer consideration of RMB 400,000,000 (“**Transfer Consideration**”).

- (3) According to the Equity Interest Transfer Agreement, funds available in the bank account of the Target Company as of the Closing Date (defined in the Equity Interest Transfer Agreement) shall be no less than RMB 400,000,000 (“**Fixed Funds Arrangement**”). By now, the Transferor has failed to enable the Target Company to meet such Fixed Funds Arrangement on the Closing Date.
- (4) To reach a further agreement on the Fixed Funds Arrangement and other relevant matters, the Parties agree to make the following arrangement through negotiation to supplement relevant provisions in the Original Agreements.

Now therefore, the Parties agree to reach the Supplementary Agreement as follows with respect to relevant matters in the Original Agreements:

1 Grace Period of the Fixed Funds Arrangement

The Parties agree to modify and adjust Article 3.2 of the Equity Interest Transfer Agreement, so that the Transferor hereby undertakes to pay, in a lump sum or by installment, no less than RMB 400,000,000 as available funds to the bank account of the Target Company within thirty (30) days (“**Grace Period**”) following the Closing Date to fully meet the Fixed Funds Arrangement promised on the Target Company in the Equity Interest Transfer Agreement prior to the expiration of the Grace Period.

2 Adjustment to the Transfer Consideration

The Parties agree that, if the available funds actually paid by the Transferor to the bank account of the Target Company (“**Actual Cash of the Target Company**”) are less than RMB 400,000,000 as of the expiration date of the Grace Period, the Transfer Consideration specified in Article 3.1 of the Equity Interest Transfer Agreement shall be correspondingly adjusted to the actual cash amount of the Target Company (“**Adjusted Transfer Consideration**”). The Parties further agree that, at that time, references to the “Transfer Consideration” in Article 1 of the Supplementary Agreement I shall be the “Adjusted Transfer Consideration” under this Supplementary Agreement.

3 Adjustment to Warrants

If, by the expiration date of the Grace Period, the Actual Cash of the Target Company is still less than RMB 400,000,000, and the Cayman Company has granted the Warrant to the Warrant Holder in accordance with the provisions of Supplementary Agreement I, the Parties agree that, and the Transferor shall ensure that the Warrant Holder shall also agree that, the total Target Shares of the Cayman Company to be subscribed to under such Warrant shall be adjusted according to the following formula: USD amount equivalent to the Adjusted Transfer Consideration (at the ratio of 6.73:1 between RMB and USD) divided by agreed per-ADS unit price (i.e. USD 1.30, subject to the adjustment provided in such Warrant), multiplied by the number of series A ordinary shares represented by one ADS (i.e. 7 shares, subject to the adjustment provided in such Warrant). The Transferor agrees that, and the Transferor shall ensure that the Warrant Holder shall also agree that, the Cayman Company may revoke the Warrant granted to the Warrant Holder on the Closing Date, and issue a new Warrant in the same format with the same substantial provisions to reflect the changes in the total number of Target Shares of the Cayman Company that may be subscribed to.

4 Adjustment to Interests on Outstanding Cash Consideration and Delayed Transfer Consideration

4.1 If, by the expiration date of the Grace Period, the actual cash of the Target Company is still less than RMB 400,000,000, the Outstanding Cash Consideration provided in the Supplementary Agreement I shall be modified and adjusted according to the following formula:

Outstanding Cash Consideration = Adjusted Transfer Consideration - (Number of Target Shares of the Cayman Company obtained by the Warrant Holder by exercising such Warrant / 7 * USD 1.30 * fixed exchange rate 6.73; for the avoidance of doubt, the number (7) of Target Shares of the Cayman Company represented by one ADS and the per-ADS unit price (USD 1.30) shall be subject to the adjustment provided in such Warrant.

4.2 The Parties acknowledge and agree that, when the Transferee pays Interests on Transfer Consideration on a quarterly basis to the Transferor for the Outstanding Cash Consideration in accordance with the provisions of the Supplementary Agreement I, such interests shall be calculated from the date when the Transferor actually provides cash to the bank account of the Target Company in accordance with the provisions of Article 1 of this Supplementary Agreement (i.e., the Interests on Transfer Consideration are not calculated from the Closing Date).

5 Miscellaneous

- 5.1 This Supplementary Agreement shall become effective as of the date of execution by the Parties.
- 5.2 The appendices hereto are an integral part of this Supplementary Agreement, and have equal legal effect as this Supplementary Agreement.
- 5.3 Any supplements or amendments to this Supplementary Agreement shall be made in writing.

- 5.4 This Supplementary Agreement, as an integral part of the Original Agreements, supplements the Original Agreements as a “Transaction Document” provided in the Original Agreements. The Parties acknowledge that, among the Parties to this Supplementary Agreement, in the event of a conflict between any provisions of the Original Agreements and the provisions of this Supplementary Agreement, this Supplementary Agreement prevails; in the absence of provisions in this Supplementary Agreement, the provisions of the Original Agreements shall be followed. The invalidity or unenforceability of any portion or provision of this Supplementary Agreement for any reason shall not affect the validity of other portions or provisions.
- 5.5 Neither Party may transfer its rights or obligations under this Supplementary Agreement to a third party without the prior written consent of other Parties.
- 5.6 Unless otherwise specifically described or defined herein, terms used in this Supplementary Agreement shall have the same meanings as in the Original Agreements.
- 5.7 This Supplementary Agreement is made in Chinese in three (3) counterparts, each Party holding one (1) counterpart.

[The following of this page is left blank; the signature page follows]

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Target Company:

Yinchuan Chuanxi Technology Co., Ltd. (Seal)

/s/ Yinchuan Chuanxi Technology Co., Ltd.

Signature: /s/ Ning Xu

Name: Ning Xu

Title: Legal representative

Signature Page

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Transferor:

Ningxia Fengyin Enterprise Management Consulting LLP (Seal)

/s/ Ningxia Fengyin Enterprise Management Consulting LLP

Signature: /s/ Xiaojia Li

Name: Xiaojia Li

Title: Executive partner/authorized representative

Signature Page

IN WITNESS WHEREOF, the Parties have signed this Supplementary Agreement on the date first written above.

Transferee:

Pintec (Yinchuan) Technology Co., Ltd. (Seal)

/s/ Pintec (Yinchuan) Technology Co., Ltd.

Signature: /s/ Xiaofeng Cui

Name: Xiaofeng Cui

Title: Legal representative

Signature Page

Appendix I

Equity Interest Transfer Agreement on Yinchuan Chuanxi Technology Co., Ltd.

Appendix

Attachment II

Supplementary Agreement

Appendix

Title Transfer Contract

Transferor: Ningxia Gaoxin Software and Animation Development Co., Ltd.

Transferee: Pintec (Yinchuan) Technology Co., Ltd.

Signing date: December 14, 2020

Title Transfer Contract

Transferor: Ningxia Gaoxin Software and Animation Development Co., Ltd. (hereinafter referred to as “Party A”)

Transferee: Pintec (Yinchuan) Technology Co., Ltd. (hereinafter referred to as “Party B”)

Whereas:

Party A commissioned Ningxia Shengshi Kaiyuan Auction Co., Ltd. to conduct a public auction of Room 101 (Duplex) and Basement, Software Park, No. 159 Xinchang East Road, Jinfeng District, Yinchuan City at Yinchuan Trading Center of Public Resources; Party B participated and succeeded in the bidding at the price of RMB ninety four million five hundred thousand (¥94500000.00). Ningxia Shengshi Kaiyuan Auction Co., Ltd. and Party B entered into the Auction Conclusion Contract on October 30, 2020.

Party A and Party B hereby reach the following contractual content with respect to the transfer of Party A’s project located at Room 101 (Duplex) and Basement, Software Park, No. 159 Xinchang East Road, Jinfeng District, Yinchuan City on the principles of voluntariness, fairness, and good faith in accordance with laws and administrative regulations of the People’s Republic of China and the *Measures for the Supervision and Administration of the Trading of State-owned Assets by Enterprises*.

Article 1 Subject Matter of Transfer

The subject matter of transfer is Room 101 (Duplex) and Basement, Software Park, No. 159 Xinchang East Road, Jinfeng District, Yinchuan City, including:

1. The above-ground office premises of reinforced concrete with the floor area of 13585.5 square meters on floors 1-8, title certificate No.: Fang Quan Zheng Jinfeng No. 2016070302;
2. The basement of reinforced concrete with the floor area of 2117.25 square meters on floor -1, title certificate No.: Fang Quan Zheng Jinfeng No. 2016070301.

Party B, being aware of and accepting the existing situation of the assets above, voluntarily receives the transfer thereof.

Article 2 Transfer Price

According to the price reached in the auction, Party A transfers the subject matter of transfer above to Party B at the price of RMB ninety four million five hundred thousand (¥94500000.00).

Article 3 Payment of the Transfer Price

1. The deposit of RMB 6.00 million paid by Party B to Yinchuan Trading Center of Public Resources will be refunded to Party B by Yinchuan Trading Center of Public Resources in accordance with its rules after the transaction is completed.
2. Party B shall pay the transfer price of RMB 94.50 million in full to Party A within 7 days following the execution of this Contract, and Party A shall provide Party B with a special value-added tax invoice stating the corresponding amount after receiving such payment.

3. The transfer price shall be remitted to the following account designated by Party A:

Opening bank: Agricultural Bank of China Limited Yinchuan Development District Branch;

Account name: Ningxia Gaoxin Software and Animation Development Co., Ltd.;

Account No.: ***.

Article 4 Delivery of the Subject Matter

Party A and Party B shall handle the delivery of the subject matter on site within 7 days following the full payment of the transfer price by Party B. During the delivery of the subject matter, Party A shall deliver existing materials related to the subject matter to Party B, and the Parties shall make and sign a list of delivered items.

Article 5 Change of Title

After Party B makes full payment of the transfer price, Party A shall cooperate with Party B to complete the registration of the change in the title to the subject matter.

Article 6 Undertakings and Warranties of Party A and Party B

1. Party A warrants that the title transferred is true, complete, and free from title disputes, pledge, or seizure by a court.

2. Party A warrants to deliver the subject assets in a timely and complete manner in accordance with this Agreement, and cooperate with Party B to go through registration formalities for the title change.

3. Party A warrants that the subject assets are free from liabilities such as outstanding construction fees, material fees, or taxes; otherwise, Party A shall be responsible for solving and taking such liabilities.

4. Party B warrants that it has obtained the consent and authorization from its internal decision-making body in accordance with the provisions of the its Articles of Association for entering into this Contract.

5. Party B warrants to pay the transfer price as provided in this Contract.

6. Party B fully knows the existing situation of the subject matter, and warrants not to raise any objection to Party A with respect to the subject matter.

Article 7 Payment of Taxes and Charges

Party A and Party B agree that relevant taxes and charges involved during the trading of the property shall be borne by Party A and Party B respectively in accordance with provisions of the state.

Article 8 Payment of Other Relevant Charges

Party A and Party B decide that water, electricity, heating, property management, and other charges incurred prior to the delivery of the subject matter in connection with the use of premises shall be borne by Party A, while such charges incurred after the delivery shall be borne by Party B; provided, however, that in the event of a delay in acceptance by Party B, the charges incurred starting from the delivery date specified in this Contract shall be borne by Party B.

Article 9 Liabilities for Breach of Contract

The Parties shall perform this Contract in good faith after it becomes effective, and either Party in violation of contractual provisions shall be held liable for breach of contract.

1. If Party A delays in delivering the subject matter in violation of contractual provisions, Party A shall pay Party B the penalty at 0.01% of the total contract amount for each day in delay except for a delay in acceptance by Party B.

2. If Party A fails to cooperate with Party B to go through the registration formalities for the title change in violation of contractual provisions, Party A shall pay Party B the penalty at 0.01% of the total contract amount for each day in delay except for a delay in the registration by Party B.

3. If Party B fails to pay the transfer price as provided herein, Party B shall pay Party A the penalty at 0.01% of the total contract amount for each day in delay, and Party A has the right to unilaterally rescind this Contract.

Article 10 Dispute Resolution

1. Disputes in connection with the validity, performance, breach, and rescission of this Agreement shall be solved by the Parties through friendly negotiation.

2. If the negotiation fails, either Party may bring a lawsuit with a people's court at the place of the subject assets.

Article 11 Delivery of Notices

Party A: Ningxia Gaoxin Software and Animation Development Co., Ltd.

Address: 9/F, Building No.1, Phase I of Yucheng Center, No. 490 Ning'an Street, Jinfeng District, Yinchuan City

Contact Person: Huang Ninghui Tel.: 0951-5699300

Email:

Party B: Pintec (Yinchuan) Technology Co., Ltd.

Address: Room 1410, 15A/F, Building No.1, Phase III of Yinchuan iBi Yucheng Center, Yinchuan City, Ningxia

Contact Person: Bai Dan Tel.: 13426245926

Email:

Any document (including but not limited to notices and statements) sent by the Parties shall be deemed delivered to the other Party once such document is sent to the address, email, mobile and telephone numbers above by post, express service, email, or SMS message

In the event of a change to any of the address or contact information above of any Party, the Party shall notify the other Party in writing on the date of such change; otherwise, the changing Party shall be held solely liable for the failure in sending a timely notice.

Article 12 Miscellaneous

1. This Contract shall become effective after Party A and Party B affix their signatures and stamps hereto.

2. After this Contract becomes effective, amendments or supplements to the contractual provisions to be made by the Parties shall be made in writing and be signed by both Parties, which amendments or supplements shall be an appendix to this Contract. Appendices have the same legal force as this Contract.

3. This Contract is made in eight originals, Party A and Party B each hold three originals, and Yinchuan Trading Center of Public Resources holds one original, which originals have the same legal force.

(No text below)

(This page contains no text, but is the signature page to the *Title Transfer Contract*)

Party A (Transferor): Ningxia Gaoxin Software and Animation Development Co., Ltd.

Legal representative or authorized representative: /s/ Depeng Zou

Party B (Transferee): Pintec (Yinchuan) Technology Co., Ltd.

Legal representative or authorized representative: /s/ Xiaofeng Cui

Contract executed on: December 14, 2020

Supplementary Agreement to the

Title Transfer Contract

This Supplementary Agreement (hereinafter referred to as this “**Agreement**”) is entered into by and between the following parties in Yinchuan, China on December 14, 2020.

Transferor: Ningxia Gaoxin Software and Animation Development Co., Ltd. (hereinafter referred to as “Party A”)

Transferee: Pintec (Yinchuan) Technology Co., Ltd. (hereinafter referred to as “Party B”)

Whereas:

Party A and Party B have entered into the *Title Transfer Contract* (hereinafter referred to as the “**Original Contract**”) on December 14, 2020, under which Party B receives Room 101 (Duplex) and Basement, Software Park, No. 159 Xinchang East Road, Jinfeng District, Yinchuan City (“**Object of Transfer**”) from Party A at the transfer price of RMB ninety four million five hundred thousand (¥94500000.00) (“**Transfer Price**”). Prior to the execution of the Original Contract, Party B has paid RMB fifteen million (¥15000000.00) to Party A, and the remaining Transfer Price of the Subject Matter of Transfer is RMB seventy nine million five hundred thousand (¥79500000.00) (hereinafter referred to as the “**Remaining Transfer Price**”).

Party A and Party B hereby reach the following contractual content with respect to the payment of the Transfer Price and the title change of the Object of Transfer on the principles of voluntariness, fairness, and good faith in accordance with relevant provisions of the *Contract Law of the People's Republic of China*, the *Measures for the Supervision and Administration of the Trading of State-owned Assets by Enterprises*, and relevant laws and administrative regulations.

Article 1 Performance Bond

Party A and Party B agree that, within 5 working days after this Agreement becomes effective, Party B shall provide Party A with a performance bond ("**Performance Bond**") issued by Huaxia Bank Co., Ltd. to the satisfaction of Party A for the amount of RMB seventy nine million five hundred thousand (¥79500000.00) as the security for the Remaining Transfer Price payable by Party B. The Performance Bond shall cover the Transfer Price and penalty payable by Party B and all expenses paid by Party A in this aspect.

Article 2 Title Change and Delivery of the Object of Transfer

1. Party A shall, after receiving the Performance Bond provided in Article 1 hereof, cooperate with Party B to complete the registration of the change in title to the Object of Transfer, and deliver the Object of Transfer to Party B in its existing situation.

2. After the title change and delivery of the Object of Transfer, Party B becomes the titleholder of the Object of Transfer, having the ownership and all other rights over the Object of Transfer.

Article 3 Payment of the Transfer Price

After the title change and delivery of the Object of Transfer, Party B shall, within 10 working days, pay the Remaining Transfer Price in full to the account designated by Party A. Party A shall provide Party B with a special value-added tax invoice stating the corresponding amount within 7 days after receiving such payment.

In the event of a delay in the title change or delivery by reason of Party B, Party B shall still pay the Remaining Transfer Price in full according to schedule provided herein (i.e. the period for Party B to pay the Remaining Transfer Price shall be calculated from the date when Party A notifies Party B for handling title change and delivery); provided, however, that Party B shall not be held as violating the agreement if the delay is caused by reason of Party A.

Article 4 Liabilities for Breach of Agreement

1. After this Agreement becomes effective, if Party B fails to provide Party A with the bank Performance Bond to the satisfaction of Party A within the period provided herein, this Agreement shall no longer be implemented, and Party A and Party B shall perform the provisions of the Original Contract, i.e. Party B shall pay the Remaining Transfer Price according to the period and method provided in the Original Contract, and be held liable for the delay in payment.

2. If Party B fails to pay the Remaining Transfer Price in accordance with the provisions hereof, it shall be held liable for the delay in payment in accordance with the provisions of the Original Contract.

Article 5 Miscellaneous

1. This Agreement shall become effective after being signed by and affixed with the official seals of Party A and Party B.

2. After this Agreement becomes effective, amendments or supplements to the contractual provisions to be made by the Parties shall be made in writing and be signed by both Parties, which amendments or supplements shall be an appendix to this Agreement. Appendices have the same legal force as this Agreement.

3. Matters not covered in this Agreement shall be subject to the Original Contract; in the event of a conflict between the provisions of this Agreement and the Original Contract, the provisions of this Agreement prevail.

4. This Agreement is made in six originals, Party A and Party B each holding three originals, which originals shall have the same legal force.

(No text below)

(This page contains no text, but is the signature page to the *Supplementary to the Title Transfer Contract*)

Party A (Transferor): Ningxia Gaoxin Software and Animation Development Co., Ltd.

Legal representative or authorized representative: /s/ Depeng Zou

Party B (Transferee): Pintec (Yinchuan) Technology Co., Ltd.

Legal representative or authorized representative: /s/ Xiaofeng Cui

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made as of April 9, 2021, by and among:

- A. **Sky City Holdings Limited (BVI)**, a company incorporated and existing under the laws of the British Virgin Islands (the “**Purchaser**”);
- B. **Pintec Technology Holdings Limited**, a company incorporated and existing under the laws of the Cayman Islands (“**Pintec Cayman**”);
- C. **Hzone Holdings Limited**, a company duly incorporated and existing under the laws of Hong Kong (the “**Seller**”); and
- D. **Riche Bright Securities Limited**, a company incorporated and existing under the laws of Hong Kong (the “**Company**”).

Each of the foregoing parties is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS, Pintec Cayman is the sole shareholder of the Purchaser; the Seller is the sole shareholder of the Company, and holds one hundred percent (100)% of the issued ordinary shares of the Company, representing 100% of the issued share capital of the Company (the “**Purchased Shares**”); and

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller all Purchased Shares on the terms and subject to the conditions set forth in this Agreement.

In consideration of the mutual covenants and representations set forth below, the Parties agree as follows:

1. **PURCHASE OF SHARES**

1.1 **Purchase and Sale of Shares**. Subject to the terms and conditions of this Agreement, at the Closing (defined as below), the Seller shall sell and transfer to the Purchaser, and the Purchaser shall purchase and acquire from the Seller, all of the Purchased Shares, at the consideration of the Consideration Shares (defined as below) to be issued and allotted by Pintec Cayman. Each Party hereby confirms, acknowledges and agrees that the issuance of the Consideration Shares by Pintec Cayman to the Seller Nominees (defined as below) shall be deemed to be received by the Seller the consideration of sale and transfer of the Purchased Shares in full, and shall constitute a full and complete discharge of the Purchaser’s obligation to pay any consideration with respect to its purchase of the Purchased Shares.

1.2 **Closing**.

1.2.1 Subject to the fulfillment of the conditions to the Closing as set forth in **Section 3.1** and **Section 4**, the closing of the purchase and sale of the Purchased Shares pursuant to **Section 1.1** shall take place via the remote exchange of documents and signatures as set out in **Section 1.3** and **Section 1.4**, unless other time, date or place is agreed to in writing by the Seller and the Purchaser (the “**Closing**”).

1.3 Closing Deliveries by the Seller and the Company. At the Closing, subject to the terms and conditions of this Agreement, the Seller shall or shall cause the Company to, deliver to the Purchaser the following documents:

(a) an instrument of transfer and bought and sold notes in respect of the Purchased Shares each undated and duly executed by the Seller in favour of the Purchaser,

(b) share certificate(s) in respect of the Purchased Shares in the name of the Seller;

(c) certified true copy of the resolutions passed by the board of directors of the Company:

(i) approving the transfer of the Purchased Shares to the Purchaser,

(ii) authorizing the issue of new share certificates in respect of the Purchased Shares in favour of the Purchaser;

(iii) approving the entry into the register of members of the Company, the name of the Purchaser as holder of the Purchased Shares;

(iv) approving the appointment of directors nominated by the Purchaser to the board of directors of the Company with effect from the date of the Closing;

(v) approving the entry into the register of directors of the Company, the names of directors nominated by the Purchaser; and

(vi) effecting and accepting the resignation of Hzone Holdings Limited as director with effect from the date of the Closing;

(d) certified true copy of the resolutions passed by the board of directors of the Seller approving entry into this Agreement and its ancillary documents by the Seller and the transactions contemplated hereunder and thereunder; and

(e) a letter of authorization duly executed by the Seller authorizing the Purchaser to date the executed instrument of transfer and bought and sold notes delivered by the Seller under Section 1.3(a).

1.4 Closing Deliveries by the Purchaser and Pintec Cayman. At the Closing, subject to the terms and conditions of this Agreement, Pintec Cayman shall (i) issue and allot 35,000,000 non-voting ordinary shares of Pintec Cayman to be made available under Pintec Cayman's then effective Memorandum of Association and Articles of Association (the "**Consideration Shares**"), which may be converted into 5,000,000 American depository shares of Pintec Cayman (the "**Consideration ADS**") for the benefit of the individual(s) or entity(ies) designated by the Seller (the "**Seller Nominee**"), provided that the Seller shall provide the names of the Seller Nominee and all KYC documents as requested by Pintec Cayman to Pintec Cayman at least ten Business Days prior to the Closing, subject to applicable securities law and reasonable KYC and other depository-related requirements, as the aggregate purchase price for the Purchased Shares, and (ii) certified true copy of the resolutions passed by the board of directors of the Purchaser approving entry into this Agreement and its ancillary documents by the Purchaser and the transactions contemplated hereunder and thereunder.

1.5 Restrictive Legend. Each certificate representing the Consideration Shares shall be endorsed with the following legend:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE “ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) AN EXEMPTION OR QUALIFICATION UNDER THE ACT AND OTHER APPLICABLE SECURITIES LAWS OR (3) DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED; AND (B) WITHIN THE UNITED STATES OR TO ANY U.S. PERSON, AS EACH OF THOSE TERMS IS DEFINED IN REGULATIONS UNDER THE ACT, DURING THE 40 DAYS FOLLOWING CLOSING OF THE PURCHASE. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.”

1.6 Application for Approval by Securities and Futures Commission. As soon as practicable after the date of this Agreement, the Seller and the Company shall take all necessary actions and execute all necessary documents to cooperate with the Purchaser in submission of application to the Securities and Futures Commission of Hong Kong for approval of the Purchaser to become a substantial shareholder of the Company (the “**SFC Approval**”).

1.7 Stamp Duty Filing and Related Procedure and Deliveries. Upon receipt of the SFC Approval, the Purchaser will date the instrument of transfer and bought and sold notes delivered by the Seller under Section 1.3(a) (such date, the “**Transfer Date**”). As soon as reasonably practicable after the Transfer Date (and in any event within three days after the Transfer Date), the Seller shall submit duly executed original instrument of transfer and duly executed original bought and sold notes in respect of the Purchased Shares, together with all other supporting documents, to the Hong Kong Inland Revenue Department to request for an adjudication, and each of the Purchaser and the Seller shall, pay the stamp duty in accordance with the amount as adjudicated by the Hong Kong Inland Revenue Department within two (2) Business Days from such adjudication.

1.8 Unwind. In the event that the Purchaser fails to obtain the SFC Approval, the transactions contemplated hereunder shall be unwound and the Parties shall take all necessary actions to place the Parties in the same positions as they were prior to the Closing, including without limitation, that the Consideration Shares and/or the Consideration ADS shall be returned to Pintec Cayman and that the directors nominated by the Purchaser shall be removed from the board of directors of the Company, and each Party shall bear its own costs and expenses relating to the transactions contemplated hereunder and such unwind.

2. REPRESENTATION AND WARRANTIES.

2.1 Representation and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser and Pintec Cayman as follows:

2.1.1 All the information set out in Annex 1 is true and accurate in all respects.

2.1.2 The Seller has the legal, full and effective ownership and right to the Purchased Shares, free and clear of any encumbrances, including, without limitation, any pledge, mortgage, lien, charge, claim, option or restriction. There are no options, restricted shares, profits interests, warrants, conversion privileges, agreements or rights of any kind with respect to the issuance or purchase of, or valued by reference to, in whole or in part, of the shares of the Company.

2.1.3 The Seller has the full right, power and authority to enter into and perform its obligations under this Agreement. All corporate action on the part of the Seller, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all obligations of the Seller under this Agreement and (ii) the transfer of the Purchased Shares by the Seller have been taken. This Agreement is a valid and binding obligation of the Seller enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

2.1.4 Each of the Seller and the Company is a corporation duly organized, validly existing and in good standing under the applicable laws and has all requisite corporate power and authority to perform its obligations hereunder and under any agreement contemplated hereunder to which it is a party. The Seller Nominee has all power, authority and qualification to hold ADS of Pintec Cayman according to the applicable laws.

2.1.5 The Company has obtained all licenses, permissions, certificates, registrations, authorizations (public or private) and consents (together, "**Approvals**") required for carrying on its businesses effectively, including but not limited to the license granted by the Securities and Futures Commission of Hong Kong to carry out Type 1 business (dealing in securities), and own and operate its assets and properties in the places and in the manner in which they are carried on at the date of this Agreement and in accordance with all applicable Laws in each case in all material respects. These Approvals are in full force and effect, are not subject to any materially unusual or onerous conditions, have been complied with in all material respects. There are no circumstances which indicate that any Approval will or is likely to be in default, revoked or not renewed, in whole or in part, in the ordinary course of events.

2.1.6 No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, relevant governmental authority or other third party on the part of the Seller or the Company is required in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, other than those already secured or effected or will be secured or effected prior to the Closing, or those already disclosed to or known by the Purchaser.

2.1.7 To the best of the knowledge and belief of the Seller and the Company, no event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by the Company of any applicable laws and regulations in any material respect, or (b) may give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

2.1.8 The financial statements of the Company provided to the Purchaser are (i) not misleading in any material aspect; (ii) not materially misstating (whether overstating or understating) the value of the assets and the liabilities of the Company; (iii) not materially misstating (whether overstating or understating) the profits and the losses of the Company. Except (i) as reflected or reserved in the financial statements of the Company provided to the Purchaser, and (ii) current Liabilities incurred in the ordinary course of the Company's business consistent with its past practices, the Company has no any other Liabilities. "**Liabilities**" means, all debts, obligations, liabilities owed by such person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

2.1.9 All contracts to which the Company is a party are valid, binding and enforceable obligations of the parties thereto and the terms thereof have been complied with in all material respects by the Company, and by each other party to such contracts, and there are no grounds for rescission, avoidance or repudiation of any of such contracts and no notice of termination has been received in respect of any of them. The entering into this Agreement will not result in a material breach of, or give any third party a right to terminate or vary or result in any third party rights under any contract to which the Company is a party.

2.1.10 The Company solely owns or leases all properties and assets necessary to conduct its business, and has good and marketable title to all its properties and assets, not being subject to any pledge, mortgage, lien, charge, claim or restriction. With respect to leased properties and assets, the Company is in compliance with all applicable leases. All properties and assets of the Company are in a good state of repair and in good working condition other than any normal wear and tear. None of the assets of the Company is a state-owned asset.

2.1.11 The Company has not received any claim, any cease and desist or equivalent letter or any other notice of any allegation that any of the intellectual property rights material to its business infringes upon, misappropriates or otherwise violates the intellectual property rights of any third parties. No third party has disputed the right of the company to use the intellectual property rights that the company has been and is still using and there are no circumstances likely to give rise to a dispute.

2.1.12 All registrations, returns, compilations, notices and information which are or have been required to be made or given by the Company for any tax purpose ("**Tax Returns**") (i) have been made or given within the requisite periods and on a proper basis and are up to date and correct and (ii) none of them is the subject of any examination, investigation or dispute with any tax authority, and all such Tax Returns are accurate, complete and correct in all material respects, and the Company has timely paid all taxes due, and withheld and remitted to the appropriate governmental authority all taxes which it is obligated to withhold and remit from amounts owing to any creditor, customer or third party. The Company is not responsible for the taxes of any other person by reason of contract, successor liability or otherwise. As of the date hereof there are no audits, examinations, requests for information or other administrative proceedings pending or threatened in writing with respect to the Company.

2.1.13 The Company is not involved whether as claimant or defendant or other party in any action. There are no investigations, disciplinary proceedings or other circumstances likely to lead to any action. There is no circumstance, event, act or omission which has given rise or might give rise to an assertion that the Company has not complied with (or is in breach or default under) (a) any contractual obligations or agreements (including, without limitation, in respect of any funding arrangements), or (b) legislation, regulation, code of conduct or other requirement.

2.1.14 The Company has complied in all material aspects with the legal requirements and obligations under the applicable laws regarding employees, employee benefits and labor matters (including and without limitation, termination and non-competition terms and employment of foreign employees) for all employees of the Company.

2.1.15 The results of operation of the Company as measured by certain operating metrics (including but not limited to the actual asset under management and profits) that have been provided to the Purchaser are true, accurate and not misleading.

2.1.16 As of the date hereof, the Seller has provided the Purchaser with all the information that the Purchaser has reasonably requested or material information the Purchaser (in the reasonable opinion of the Seller) should be aware of for the decision of this acquisition hereunder.

2.1.17 Status and Investment Intent.

(i) Experience. Each of the Seller or Seller Nominees has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Consideration Shares. Each of the Seller or Seller Nominees is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. Each of the Seller or Seller Nominees is acquiring the Consideration Shares for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. Each of the Seller or Seller Nominees does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Consideration Shares in violation of the United States Securities Act of 1933, as amended, or any other applicable state securities law.

(iii) Solicitation. Each of the Seller or Seller Nominees (x) was not identified or contacted through the marketing of the transactions contemplated hereunder and (y) did not contact the Pintec Cayman as a result of any general solicitation.

(iv) Information. Each of the Seller or Seller Nominees has consulted to the extent deemed appropriate by it with its own advisers as to the financial, tax, legal and related matters concerning an investment in the Consideration Shares.

(v) Not U.S. Person. Each of the Seller or Seller Nominees is not a “U.S. person” as defined in Rule 902 of Regulation S promulgated by the United States Securities and Exchange Commission (“**Regulation S**”).

(vi) Offshore Transaction. Each of the Seller or Seller Nominees has been advised and acknowledges that in issuing the Consideration Shares to it pursuant hereto, Pintec Cayman is relying upon the exemption from registration provided by Regulation S. Each of the Seller or Seller Nominees is acquiring the Consideration Shares in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

2.2 Representations and Warranties of the Purchaser and Pintec Cayman. The Purchaser and Pintec Cayman hereby jointly and severally represent and warrant to the Seller as follows:

2.2.1. The Purchaser has the full right, power and authority to enter into and perform its obligations under this Agreement. All corporate action on the part of the Purchaser and Pintec Cayman necessary for the authorization, execution and delivery of, and the performance of all obligations of the Purchaser and Pintec Cayman under this Agreement, have been taken. This Agreement is a valid and binding obligation of the Purchaser and Pintec Cayman enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally and to general equitable principles.

2.2.2. The Consideration Shares, when issued and delivered in accordance with the terms of this Agreement to the Seller, will be duly authorized and validly issued, fully paid, non-assessable, and free and clear of any encumbrances, including, without limitation, any pledge, mortgage, lien, charge, claim, option or restriction, other than those provided in this Agreement and in accordance with applicable laws and listing rules.

2.2.3. Each of the Purchaser and Pintec Cayman is a corporation duly organized, validly existing and in good standing in each jurisdiction and has all requisite corporate power and authority to perform its obligations hereunder and under any agreement contemplated hereunder to which it is a party.

3. CONDITIONS TO PURCHASER’S OBLIGATIONS AT THE CLOSING

The obligations of the Purchaser to purchase the Purchased Shares at the Closing is, unless otherwise waived in writing by the Purchaser, subject to the fulfilment to the satisfactions of the Purchaser on or prior to the Closing of the following conditions:

3.1 Representations and Warranties. The representations and warranties in Section 2.1 hereof shall be true, correct and complete with respect to the subjects covered therein when made, and shall be true, correct and complete as of the date of the Closing with the same force and effect as if they had been made on and as of such date.

3.2 Performance of Obligations. Each of the Company and the Seller shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required or contemplated to be performed or complied with by it on or before the Closing.

3.3 Approvals and Consents. All Approvals of any competent governmental authority or of any other person that are required to be obtained by any party hereto (other than the Purchaser and Pintec Cayman) necessary for the consummation of the transactions contemplated hereby shall have been obtained and each of them shall be in full force and effect as of the Closing, and shall have been delivered to the Purchaser.

3.4 Proceedings and Documents. All requisite corporate and other proceedings in connection with the transactions contemplated hereby, and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the Purchaser.

3.5 Execution of This Agreement. Each of the parties to this Agreement, other than the Purchaser and Pintec Cayman, shall have executed and delivered this Agreement to the Purchaser.

3.6 No Material Adverse Effect. There shall have been no any material adverse effect or change in the business, affairs, prospects, operations, properties, assets or condition of the Company since the date of this Agreement.

3.7 Approval by Board of Directors. The board of directors of Pintec Cayman (or other similar governing body) shall have approved the execution of this Agreement and the consummation of the transactions contemplated hereby.

3.8 Completion of Due Diligence. Due diligence investigation (including but not limited to due diligence on legal, financial, business, compliance, technology, Intellectual Property and other aspects) on the Company by the Purchaser and/or Pintec Cayman and the third party intermediary agencies designated by the Purchaser and/or Pintec Cayman shall have been completed and the results are satisfactory to the Purchaser, or the problems identified during such due diligence shall have been properly resolved as per the Purchaser's request, or solutions satisfactory to the Purchaser have been provided.

3.9 No Prohibition. No provision of any applicable laws shall prohibit the consummation of any transactions contemplated by this Agreement.

3.10 Compliance Certificate. The Seller and the Company shall have executed and delivered to the Purchaser at the Closing a certificate, dated the date as of the Closing, certifying that the conditions specified in this Section 3 (other than Section 3.7 and Section 3.8) have been fulfilled and stating that there shall have been no material adverse change in the business, affairs, prospects, operations, properties, assets or condition of the Company since the date of this Agreement.

4. CONDITIONS TO SELLER'S OBLIGATIONS AT THE CLOSING

The obligation of the Seller to sell the Purchased Shares to the Purchaser at the Closing, unless otherwise waived in writing by the Seller, is subject to the fulfilment to the Seller's satisfaction on or prior to the Closing of the following conditions:

4.1 Representations and Warranties Correct. The representations and warranties in Section 2.2 hereof shall be true and correct and complete with respect to the subjects covered therein when made, and shall be true, correct and complete as of the date of the Closing with the same force and effect as if they had been made on and as of such date.

4.2 Performance of Obligations. The Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required or contemplated to be performed or complied with by it on or before the Closing.

5. COVENANTS

Unless otherwise expressly provided herein, upon the Closing, the Seller covenants to the Purchaser and Pintec Cayman as follows:

5.1 Access to Information. Following the date hereof until the Closing, the Purchaser shall be entitled to make such investigation of the properties, assets, businesses and operations of the Company and such examination of the books and records of the Company as it may request from time to time and to make extracts and copies of such books and records. The Seller shall cause the Company and its respective officers, directors, employees, consultants, agents, accountants, attorneys and other representatives (collectively the "**Representatives**") to: (a) afford the Representatives of the Purchaser access, during regular business hours, to the offices, properties, facilities, books and records of the Company, and (b) furnish to the Representatives of the Purchaser such additional financial and operating data and other information regarding the assets, properties, liabilities and goodwill of the Company as the Purchaser may from time to time request.

5.2 Notice of Certain Events. Prior to the Closing, the Seller and the Company shall promptly notify the Purchaser in writing of (a) all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could result in any breach of a representation or warranty or covenant or agreement of any of the Seller or the Company in this Agreement, which could have the effect of making any representation or warranty of any of the Seller or the Company untrue or incorrect in any respect, or which could result in any of the conditions set forth in Section 3 not to be satisfied, and (b) all other material developments affecting the assets, Liabilities, business, financial condition, operations, result of operations, client relationships, employee relations, projections or prospects of the Company.

5.3 Negative Covenants. Following the date hereof until the Closing, except as expressly and affirmatively provided by or contemplated under this Agreement, without the prior written consent of the Purchaser, the Company or any of its subsidiary shall not:

- (a) waive, release or assign any material right or claim;

- (b) take any action that would reasonably be expected to materially impair the value of the Company;
- (c) sell, purchase, assign, lease, transfer, pledge, encumber or otherwise dispose of any material asset;
- (d) issue, sell, grant or redeem any shares or equity securities of the Company;
- (e) declare, issue, make or pay any dividend or other distribution with respect to the shares or equity securities of the Company;
- (f) merge with, consolidate with, purchase or dispose of any corporate entity;
- (g) engage, promote, terminate or demote or change any material terms of employment or engagement of the chief executive officer, chief financial officer, chief operations officer, chairman, general manager, financial controller or senior manager or any key officer, director or key employee of the Company; or
- (h) authorize or commit to do any of the foregoing.

5.4 Release and Discharge. Upon the Closing, any shareholders agreements or similar contracts that the Company and the shareholders of the Company are bound to observe (if any), shall cease to be valid and binding on the Parties. The Seller hereto confirms that it has no claim against the other parties thereto in respect of any matter arising out of or in connection with the shareholders agreements of the Company (if any).

5.5 Exclusivity. Starting from the date hereof to the earlier date of the Closing or the termination of this Agreement pursuant to Section 6.1 hereof, the Seller undertakes that none of the Seller and the Company, their related parties or their directors and officers shall, directly or indirectly, (a) solicit, initiate, encourage or otherwise facilitate offers or proposals from, or engage in or continue any discussion or negotiation with, any other person (other than the Purchaser) for the sale or other disposition of all or any portion of the equity interests or (outside the ordinary course of business) the assets of the Company or the merger, consolidation or other combination of the Company or its businesses or assets with any other person (other than the Purchaser); or (b) provide or offer to provide any information to any other person (other than the Purchaser) or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person (other than the Purchaser) to engage or seek to engage in any of the foregoing.

5.6 Prohibited Transfers. Starting from the date hereof to the earlier date of the Closing or the termination of this Agreement pursuant to Section 6.1 hereof, without the prior written approvals of the Purchaser, the Seller shall not directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Purchased Share to any person.

5.7 Regulatory Compliance. The Company shall, and the Seller shall procure the Company to, comply with all applicable laws and regulations in all material respects, including but not limited to applicable laws and regulations relating to securities transactions, telecommunication, software, advertisement, intellectual property, anti-monopoly, taxation, employment, foreign exchange and other respects in connection with the operations of the Company.

5.8 Permit and License. The Company shall, and the Seller shall procure the Company to, obtain and maintain in a timely manner all requisite consents and permits for conducting the principal business in compliance with all applicable laws and regulations, including without limitation to (a) duly obtain the License Type 4 (advising on securities) and the License Type 9 (asset management) according to the Securities and Futures Ordinance of Hong Kong prior to December 31, 2021, and (b) be registered as a broker-dealer with at least one internationally- recognized securities exchange other than the Stock Exchange of Hong Kong, including but not limited to securities exchanges in the United States, Singapore or the United Kingdom and be qualified to engage in the stock brokerage business in the United States, Singapore or the United Kingdom, as applicable, prior to December 31, 2022. The Seller and the Company further covenant that transactions contemplated hereunder will in no circumstance result in any adverse effect on the License Type 1 (dealing in securities) held by the Company and application plan of the Company in relation to applying for License Type 4 (advising on securities) and the License Type 9 (asset management) according to the Securities and Futures Ordinance of Hong Kong.

5.9 Non-Competition. The Seller hereby covenants and undertakes that, commencing from the date of this Agreement, it shall, and shall procure Bill Fu (傅彬), devote one hundred percent (100%) of its working time and attention to the business of the Company, and use the best efforts to develop the business and care for the interests of the Company. The Seller hereby further covenants and undertakes that, unless conducted through the Company or upon the prior written consent of the Purchaser during the greater of (i) the period when the Seller holds any office with the Company or any of its related entity and for a further period of twenty-four (24) months thereafter; and (ii) the period when the Seller holds any direct or indirect equity interest in the Company, and for a further period of twenty-four (24) months thereafter, the Seller shall not, and shall procure Bill Fu (傅彬) not, directly or indirectly through any affiliate, (a) own, manage, be engaged in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is within the principal business of the Company or otherwise competes with the Company; (b) solicit or entice away or attempt to solicit or entice away from the Company, the custom of any person, firm, company or organization who is or shall at any time within twenty- four (24) months prior to such cessation have been a customer, client, representative, agent or correspondent of the Company or in the habit of dealing with the Company; (c) employ, solicit or entice away, or endeavour to employ, solicit or entice away from the Company any person who is or shall have been at the date of or within six (6) months prior to such cessation of employment an officer, manager, consultant or employee of the Company whether or not such person would commit a breach of contract by reason of leaving such employment; (d) in relation to any trade, business or company use a name including the words “Riche Bright” or “富明证券” or any other words hereafter used by the Company in its name or in the name of any of its products, services or their derivative terms, or the Chinese or English equivalent or any similar word in such a way as to be capable of or likely to be confused with the name of the Company or the product or services of the Company, and shall use all reasonable endeavors to procure that no such name shall be used by any of his affiliates; or (e) disclose or use for any purpose (except for the ordinary business of the Company), any information concerning the business, accounts, finance, transactions or intellectual property rights of Company or any trade secrets or confidential information of or relating to Company.

5.10 Conversion of Consideration Shares. The Seller understands and acknowledges that the conversion of the Consideration Shares into Consideration ADSs is subject to applicable securities laws and depository-related documentary requirements. Upon request by the Seller, the Company will use commercially reasonable effort to facilitate the conversion of the Consideration Shares. The Seller shall, and shall procure that holders of the Consideration ADS (including but not limited to the Seller Nominee), strictly comply with any transfer or other restrictions, to the extent applicable, with respect to the Consideration Shares or Consideration ADSs pursuant to applicable securities laws and stock exchange rules, including but not limited to any laws, regulations and rules promulgated by the United States Securities and Exchange Commission.

6. TERMINATION

6.1 This Agreement may be terminated at any time prior to the Closing by mutual written consent of the Seller and the Purchaser.

6.2 Effect of Termination

6.2.1 If this Agreement is terminated pursuant to this Section 6.1, this Agreement will be of no further force or effect to the Parties (except the Section 7 and Section 8), and the Parties hereto shall refund the considerations received from the other Parties hereunder based on the principles of fairness, reasonableness, honesty and credibility, and use the best efforts to restore to the status when this Agreement is executed; provided that, such terminating party shall not be relieved from any Liability for any antecedent breach of this Agreement or any misrepresentation hereunder, nor shall such termination be deemed to constitute a waiver of any available remedy (including specific performance if available) for any such breach or misrepresentation.

7. INDEMNIFICATION

7.1 The Seller hereby agrees to indemnify and hold harmless the Purchaser, and its affiliates, partners, directors, officers, agents and assigns (each, an “**Indemnified Person**”), from and against all indemnifiable losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in, or breach or non-performance of any of the representations, warranties, covenants or agreements made by the Seller and/or the Company in or pursuant to this Agreement.

7.2 Without limiting the foregoing Section 7.1, the Seller undertakes to indemnify each Indemnified Person for any indemnifiable loss suffered by such Indemnified Person as a result of (i) any penalty or liability of the Company for the non-compliance with any applicable laws and regulations on or before the Closing; (ii) any liabilities of the Company in connection with infringement, violation or misappropriation, on or before the Closing, of any intellectual property or rights of any third party; and (iii) any liabilities of the Company in connection with any violation on or before the Closing of any contract, agreement or other legal instruments by which the Company is bound.

8. MISCELLANEOUS

8.1 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated hereby. This Agreement supersedes all prior agreements, understandings, negotiations and representations between the Parties with respect to such transactions.

8.2 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision will be excluded from this Agreement and the balance of the Agreement will be interpreted as if such provision were so excluded and will be enforceable in accordance with its terms.

8.3 Amendments. No amendment or modification of the terms and conditions of this Agreement shall be valid unless in writing and signed by all Parties hereto.

8.4 Governing Law. This Agreement shall be governed and construed in all respects by the laws of the Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the Parties hereunder.

8.5 Arbitration. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties within thirty (30) days, such dispute shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect. The arbitration tribunal shall consist of three (3) arbitrators to be appointed according to the UNCITRAL Rules. The language of the arbitration shall be English.

8.6 Confidentiality. Each Party agrees to, and shall cause its directors, officers, employees and other controlled agents to: (i) treat and hold all confidential or proprietary information with respect to the other Parties or relating to the transactions contemplated hereby as confidential (and not disclose or provide access to any Person); (ii) in the event that any Party (or such directors, officers, employees and other controlled agents of such Party) becomes legally compelled to disclose any such information, provide the other Parties with prompt written notice of such requirement so that the other Parties may seek a protective order or other remedy or waive compliance with this Section 8.6; and (iii) in the event that such protective order or other remedy is not obtained, or any of the other Parties waives compliance with this Section 8.6, furnish (or cause to be furnished) only that portion of such confidential information which is legally required to be provided and exercise its commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such information; provided, however, that this Section 8.6 shall not apply to any information that, at the time of disclosure, is in the public domain and was not disclosed in breach of this Agreement by the disclosing Party, or that is provided to an applicable Government Authority with respect to Tax matters; or that is disclosed pursuant to applicable laws, requirements of exchanges and/or regulatory bodies, including by the Securities and Exchange Commission (or equivalent for other venues) provided, further, that each Party may disclose the contents of this Agreement to its Representatives who (1) are informed of the confidential nature of the information, and (2) are under an appropriate duty of confidentiality to the disclosing Party with respect to such information.

8.7 Further Assurances. Each Party shall execute and deliver such additional instruments, documents and other writings as may be reasonably requested by the other Party, in order to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

8.8 Expenses. Each of the Parties shall bear and pay its own legal, accountancy and other fees and expenses incurred in and incidental to the preparation and implementation of this Agreement.

8.9 Tax. Each Party shall pay taxes that may be imposed or assessed on it in connection with this Agreement and the consummation of the transactions contemplated hereby in accordance with the applicable laws, respectively.

8.10 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

8.11 Notices. All notices and other communications provided for herein shall be dated and in writing and shall be deemed to have been duly given when delivered, if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid and when received if delivered otherwise, to the Party to whom it is directed to the address as shown in Schedule I.

8.12 Delays or Omissions.

No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any other Party hereto under this Agreement, shall impair any such right, power or remedy of such former party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring.

8.13 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its commercially reasonable efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and, to the extent reasonably requested by another party, to enforce rights and obligations pursuant hereto.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

THE SELLER:

Hzone Holdings Limited

By: /s/ SHI JING

Name: SHI JING

Title: Director

SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

THE PURCHASER:

Sky City Holdings Limited (BVI)

By: /s/ Victor Huike Li

Name: Victor Huike Li

Title: Director

PINTEC CAYMAN:

Pintec Technology Holdings Limited

By: /s/ Victor Huike Li

Name: Victor Huike Li

Title: Director

SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

THE COMPANY:

Riche Bright Securities Limited

By: /s/ TSOI TING MUN

Name: TSOI TING MUN

Title: Director

SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT

Schedule I

Notices

To the Seller:

Attention: Yingzi Peng
Address: Unit D, 16/F, One Capital Place, 18 Luard Road, Wan Cai, Hong Kong
Telephone: +852 2819 0191 / +86 18680337570
Email: pengyingzi@glbdata.com

To the Company:

Attention: Dawei Chen
Address: Room 813 and 815, 8th Floor, Block F, Cyberport 3, 100 Cyberport Road, Hong Kong
Telephone: +852 28026188/+86 13924605941
Email: chendawei@wanow.net

To the Purchaser and Pintec Cayman:

Attention: Steven Yuan Ning Sim
Address: 9/F Heng An Building No. 17 East 3rd Ring Road Chaoyang District, Beijing
Telephone: +86 10 8564-3600
Email: Steven.sim@pintec.com

SCHEDULE I TO SHARE PURCHASE AGREEMENT

Details of Company

(as at the date of this Agreement)

Company Name : Riche Bright Securities Limited
Place of Incorporation : Hong Kong
Date of Incorporation : 12 April 2007
Company Form : private company limited by shares
Company No. : 1122668
Issued Shares : 20,000,000 ordinary shares
Registered Shareholder :
(% Shareholding) : Hzone Holdings Limited (100%)
Directors : Hzone Holdings Limited
Tsoi Ting Mun
Registered Office : Unit 813 & 815, Level 8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong
Business : a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) to carry out type 1 (dealing in securities) regulated activities

ANNEX 1 TO SHARE PURCHASE AGREEMENT

Equity Transfer Agreement

on

Shenzhen Jishengtai Technology Co., Ltd.

among

Sky City (Beijing) Technology Co., Ltd.

and

Shi Jing, Peng Yingzi

and

Shenzhen Jishengtai Technology Co., Ltd.

April 12, 2021

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Equity Transfer Agreement

This Equity Transfer Agreement (“**Agreement**”) is entered into by and among the following Parties on April 12, 2021 (“**Execution Date**”) in Beijing, the People’s Republic of China (“**PRC**”, for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan):

1. **Shenzhen Jishengtai Technology Co., Ltd.**, a limited liability company incorporated and existing under the PRC laws, having its registered address at: Room 813, Building D, Banweiyuan, No. 17 Yongxiang East Road, Ma’antang Community, Bantian Sub-district, Longgang District, Shenzhen (“**Target Company**”);
2. **Shi Jing**, a natural person of PRC holding the identity card No.: 340202198604071028 (“**Shi Jing**”);
3. **Peng Yingzi**, a natural person of PRC holding the identity card No.: 43048219880503296X (“**Peng Yingzi**,” individually with Shi Jing, the “**Transferor**”, and collectively the “**Transferors**”); and
4. Sky City (Beijing) Technology Co., Ltd., a limited liability company incorporated and existing under the PRC laws, having its registered address at: 2025, 2/F Bowangyuan Podium, Yangfangdian Subdistrict, Haidian District, Beijing (“**Transferee**”).

In this Agreement, the Parties above shall be referred to individually as a “**Party**” and collectively as the “**Parties**.”

Whereas:

1. As of the Execution Date of this Agreement, the Target Company has the registered capital of RMB one million (1,000,000) and the shareholding structure shown in Part I of Appendix I to this Agreement, where the Transferors collectively hold 100% equity in the Target Company, corresponding to the Target Company’s registered capital of RMB one million (1,000,000) (“**Target Equity**”).
2. The Transferors agree to sell to the Transferee, and the Transferee agrees to buy from the Transferors, the Target Equity in accordance with the terms and conditions provided hereunder.
3. From the Closing Date (defined in Article 3.1) under this Agreement, the Transferee will hold 100% equity in the Target Company (corresponding to the Target Company’s registered capital of RMB one million (1,000,000)).

Now therefore, upon mutual agreement through negotiation, the Parties hereby agree as follows:

Article 1 Definitions and Interpretation

- 1.1 Unless otherwise provided in the context hereof, the following words have the following meanings in this Agreement:
- 1.1.1 **Transaction:** means the transaction provided under this Agreement, including but not limited to the transaction provided in Article 2 hereof.
 - 1.1.2 **Promisor:** (i) if the Closing is not achieved, means the Target Company and the Transferors both individually and collectively, and (ii) if the Closing is achieved, means the Transferors (for the avoidance of doubt, if the Closing is achieved, the Target Company shall not be referred to as the Promisor from the beginning).
 - 1.1.3 **Transaction Documents:** mean this Agreement, other documents provided in this Agreement, and other documents in connection with this Transaction.
 - 1.1.4 **Affiliate:** for the purpose of this Agreement, means an affiliate of any person or entity, including any company, partnership, joint venture, or other entity or natural person that controls, is controlled by, or is under common control with such person/entity; the “**Affiliate**” of any natural person further includes a close family member of such natural person, including his/her spouse, parents, grandparents, siblings and their spouses, children and their spouses, and grandchildren and their spouses; provided, however, that for the purpose of this Agreement, the Transferee and its Affiliates shall not be deemed as the Affiliates of the Target Company or the Transferors.
 - 1.1.5 **Control:** with respect to the relationship between or among two or more subjects, means the power, whether exercised or not, to direct or have others to direct the business, affairs, management, or decisions of a subject directly, indirectly, or as a trustee or executor, on the ground of holding shares, equity, voting rights, voting securities, or acting as the trustee or executor, or contractual and agreement arrangement, trust arrangement, or otherwise, including but not limited to (i) directly or indirectly holding fifty percent (50%) or more shares or equity in the subject; (ii) directly or indirectly holding fifty percent (50%) or more voting rights of the subject; (iii) directly or indirectly appointing the majority of members in the board of directors or a similar organization of the subject; or (iv) controlling or influencing the operation decisions of the subject by other means. “**Controlled**” and “**common control**” have the corresponding meanings to the description above.
 - 1.1.6 **Administration for Market Regulation:** means the State Administration for Market Regulation and its local offices.

- 1.1.7 **Encumbrance**: means any mortgage, pledge, lien (including but not limited to priority of taxes, right to revocation, and right of subrogation), lease, licence, option, restriction, right of first refusal, preemptive rights, debts, preferential arrangement, any third-party right or interest, restrictive undertaking, condition or restriction of any kind (including but not limited to any restriction on the use, voting, transfer, proceeds, or other exercise of any interests in title), security interest of any kind, or any form of arrangement with similar effect subject to third-party rights.
- 1.1.8 **Liabilities**: means all debts, liabilities, and obligations, whether cumulative or fixed, absolute or contingent, matured or unmatured, determined or undetermined, including but not limited to the debts, liabilities, and obligations arising under any law, claim, or governmental order, and the debts, liabilities, and obligations arising under any contract, agreement, promise, or commitment.
- 1.1.9 **Intellectual Property Rights**: mean all the rights throughout the world arising from or in connection with the following, whether protected, created, or generated based on the PRC Laws, laws of another country or region, or international treaties: (i) all inventions, utility models, designs (patentable or not), the improvements to the foregoing, and all patents, patent applications, and patent disclosures; (ii) all registered trademarks, rights for applying for registered trademarks, brands, goodwill, logos, service marks, trade names, company names, and the translations of the foregoing; (iii) all copyrightable works (registered or not), and all copyright registrations or registration applications; (iv) all computer software and systems (including data and files therein), and improvements and upgrades to the foregoing (except for normal office application software); (v) all other proprietary rights (including but not limited to domain names, know-hows, and production processes); (vi) confidential information and trade secrets; (vii) any rights under any law that are similar to items (i)-(vi), whether they have been applied for registration or registered; and (viii) all duplicate and tangible carriers (existing in any manner or by any means) of the foregoing intellectual property rights.
- 1.1.10 **Material Adverse Effect**: means (i) that the Target Company or Riche Bright Hong Kong is subject to bankruptcy proceedings, liquidation, winding-up, reorganization, or debt restructuring, or sells material assets; or (ii) any circumstances, changes, or impacts involving the Target Company or Riche Bright Hong Kong, where such circumstances, changes, or impacts may, individually or collectively, directly or indirectly, (A) cause material adverse effects on the existence, assets, liabilities (including but not limited to contingent liabilities), or financial conditions of the Target Company or Riche Bright Hong Kong; or (B) cause, or reasonably expected to cause, material adverse effects on the validity, binding effects, and performance of the Transaction Documents.

- 1.1.11 **Taxes:** means any and all taxes, fees, levies, duties, tariffs, and other charges of any kind imposed by any governmental authority (including any and all interests, penalties, surcharges, and additional sums charged in connection therewith), including but not limited to: taxes or other charges imposed on revenues, royalties, incidental or other profits, gross incomes, properties, sales, use, wages, employment, social security, unemployment compensation, or net values; taxes or other charges having the nature of consumption and use tax, withholding tax, transfer tax, value-added tax, or profits tax; licence, registration, and documentation charges; and customs duties, taxes, and similar charges.
- 1.1.12 **Government Authority:** means any national, international organization, supranational, federal, state, provincial, local, or other similar government-like, governmental, regulatory, or administrative agency, department, or commission, or any court, tribunal, or judicial or arbitral institutions, in the PRC or outside the PRC.
- 1.1.13 **PRC Laws:** means all laws, administrative regulations, rules, provisions, policy documents, and the provisions, decisions and policy documents of local governments or local government authorities of the PRC then in effect.
- 1.1.14 **Working Day:** means any day other than Saturdays, Sundays, and other days on which the banks are required or authorized by law to suspend business in the PRC.
- 1.1.15 **RMB:** means RMB Yuan, the lawful currency of the PRC.
- 1.1.16 **HKD:** means Hong Kong dollar, the lawful currency of the Hong Kong Special Administration Region of the PRC.

1.2 Interpretation and principles of interpretation

In this Agreement, unless the context provides otherwise:

- 1.2.1 References in this Agreement to an article, exhibit, appendix, recitals, description above, or description below, mean an article, exhibit, appendix, recitals, description above, or description below of this Agreement, and such article, exhibit, appendix, recitals, description above, or description below shall be deemed as a part of this Agreement;
- 1.2.2 The headings herein are provided for reference only without affecting the meanings or interpretation of this Agreement in any manner;
- 1.2.3 the word “include,” “includes,” and “including” used in this Agreement shall be deemed to be followed by the words “but not limited to;”
- 1.2.4 Any law defined or referred to in this Agreement or in any agreement or document referred to in this Agreement, means the law as amended, modified, or supplemented from time to time, including a successor law that replaces the original law;

- 1.2.5 References in this Agreement to any agreement, instrument, or other document mean such agreement, instrument, or other document as amended, supplemented, or modified from time to time;
- 1.2.6 References to a subject also refer to its permitted successor and assignee; and references to any company include any branches of such company;
- 1.2.7 “Hereof,” “herein,” “hereunder,” and words of similar meanings used in this Agreement refer to this Agreement in its entirety instead of any provision of this Agreement; and
- 1.2.8 For the obligations or liabilities of any Promisor provided in this Agreement, the Promisors shall be jointly and severally liable to each other for such obligations or liabilities.

Article 2 Transfer of the Target Equity Interests

- 2.1 Part I of Appendix I to this Agreement correctly reflects the equity structure of the Target Company and the equity held by the Transferors in the Target Company as of the Execution Date of this Agreement, and the Transferors have no disputes over such equity structure.
- 2.2 The Transferors agree to sell to the Transferee, and the Transferee agrees to buy from the Transferors, the corresponding Target Equity (i.e., 100% equity in the Target Company) on the Closing Date in accordance with the terms and conditions provided hereunder.
- 2.3 The Transferors acknowledge and agree that, the Target Equity to be transferred by the Transferors to the Transferee are free from any Encumbrance; the Transferee obtains all the rights, title, and interests to and in the Target Equity from the Closing Date, including but not limited to the ownership of the Target Equity and any rights and interests in connection with or arising from such ownership.
- 2.4 The Transferors acknowledge and agree, and ensure any other third parties, that they will waive their right of first refusal with respect to the Transaction hereunder and any other rights that may affect this Transaction.
- 2.5 As from the Closing Date, the shareholding structure of the Target Company will be shown in Part II of Appendix I to this Agreement, i.e. the Transferee will duly become a shareholder holding 100% equity in the Target Company (corresponding to the Target Company’s registered capital of RMB one million (1,000,000)), having corresponding rights and bearing corresponding obligations as a shareholder; the Transferors shall ensure that the Transferee and/or its Affiliates will acquire the actual control over the Target Company from the Closing Date.

3.1 Transfer Consideration

3.1.1 The Parties agree that, subject to the terms and conditions provided herein, as the consideration for the Transferee to purchase the Target Equity held by the Transferors, Pintec Technology Holdings Limited (“**Pintec Cayman**”), an overseas Affiliate of the Transferee shall, issue to the Transferors and/or an entity designated by the Transferors (the Transferor and the entity designated by the Transferor are hereinafter collectively referred to as the “**Transferor’s Designated Entity**”) a certain amount of non-voting ordinary shares (“**Non-voting Ordinary Shares**”) based on the then effective articles of association of Pintec Cayman, which ordinary shares, with no category specified, shall be eligible for conversion to a certain amount of the American depositary shares (“**ADS**”) of Pintec Cayman in compliance with the requirements of relevant securities law and regulations, the conversion requirements imposed by the depository bank of Pintec Cayman, and reasonable know-you-customer (KYC) requirements of the company. The Parties hereby further confirm, acknowledge, and agree that, once Pintec Cayman issues the Consideration Shares (as defined below) to the Transferor’s Designated Entity, it shall be deemed that the Transferors have received the full consideration for selling and transferring the Target Equity to the Transferee, and that the Transferee has fully and completely performed its obligations of paying any consideration for buying the Target Equity Interests.

In addition, the Transferee understands that Pintec Cayman issues such Non-voting Ordinary Shares on the basis of the registration exemption under the Securities Act of 1933 of the United States, and the corresponding equity certificate shall be accompanied with the following statement on restrictions: “THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE “ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) AN EXEMPTION OR QUALIFICATION UNDER THE ACT AND OTHER APPLICABLE SECURITIES LAWS OR (3) DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED; AND (B) WITHIN THE UNITED STATES OR TO ANY U.S. PERSON, AS EACH OF THOSE TERMS IS DEFINED IN REGULATIONS UNDER THE ACT, DURING THE 40 DAYS FOLLOWING CLOSING OF THE PURCHASE. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.”

- 3.1.2 Subject to separate written provisions (if any) among the Parties, Pintec Cayman shall issue 38,098,200 Non-voting Ordinary Shares of Pintec Cayman to the Transferor's Designated Entity ("**Consideration Shares I**"), which shall be convertible to 5,442,600 ADSs of Pintec Cayman ("**Transfer Consideration**") to the Transferors within five (5) working days ("**Closing Date**") when all the conditions ("**Conditions Precedent to Closing**") provided in Article 7.1 hereof are satisfied (or exempted in writing by the Transferee) ("**Closing**"), or within another period (if any) separately agreed among the Parties.
- 3.1.3 The Parties agree that, the assets under management by Riche Bright Hong Kong stated on the audited financial statements as of December 31, 2021 of Riche Bright Securities Limited ("**Riche Bright Hong Kong**"), an overseas Affiliates of the Target Company, issued by an audit firm recognized by the Transferee shall reach HKD 4 billion (4,000,000,000) ("**Benchmark Assets under Management**"). Subject to separate written provisions (if any) among the Parties, Pintec Cayman shall, within five (5) Working Days from the first (1) anniversary of the date when the Consideration Shares I hereunder are paid (but shall not be later than June 1, 2022), issue a certain amount of Non-voting Ordinary Shares of Pintec Cayman ("**Consideration Shares II**", together with the Consideration Shares I, the "**Consideration Shares**"), which shall be convertible to a certain amount of ADSs of Pintec Cayman ("**Transfer Consideration II**", together with the Transfer Consideration I, the "**Transfer Consideration**"), according to the actual assets under management of Riche Bright Hong Kong as of December 31, 2021 ("**Actual Assets under Management**"), the Consideration Shares II being calculated according to the following formula:
- (1) If the Actual Assets under Management of Riche Bright Hong Kong as of December 31, 2021 are no less than HKD 4.8 billion (4,800,000,000) (for the avoidance of doubt, subject to no upper limit), Pintec Cayman shall issue 45,098,200 Non-voting Ordinary Shares of Pintec Cayman as the Consideration Shares II to the Transferors and/or Transferor's Designated Entity, which shall be convertible to 6,442,600 ADSs of Pintec Cayman;
 - (2) If the Actual Assets under Management of Riche Bright Hong Kong as of December 31, 2021 are no less than HKD 3.2 billion (3,200,000,000) but less than HSD 4.8 billion (4,800,000,000), Pintec Cayman shall determine the amount of Consideration Shares II to be issued to the Transferors and/or Transferor's Designated Entity according to the Actual Assets under Management, and correspondingly determine the amount of ADSs of Pintec Cayman convertible from such Consideration Shares II. The specific calculation formula is: Consideration Shares II = Actual Assets under Management/Benchmark Assets under Management * 98,497,000 Non-voting Ordinary Shares of Pintec Cayman - 73,098,200 Non-voting Ordinary Shares of Pintec Cayman;

- (3) If the Actual Assets under Management of Riche Bright Hong Kong as of December 31, 2021 are less than HKD 3.2 billion (3,200,000,000), Pintec Cayman shall issue 5,699,400 Non-voting Ordinary Shares of Pintec Cayman as the Consideration Shares II to the Transferors and/or Transferor's Designated Entity, which shall be convertible to 814,200 ADSs of Pintec Cayman.
- 3.1.4 The Parties agree that, after the Closing provided herein is completed, given that the arrangement for the payment of the Transfer Consideration above or the arrangement separately agreed in writing among the Parties for the payment of the Transfer Consideration is implemented as scheduled by the Parties, the effects of the Closing shall not be affected by the arrangement for the payment of the Transfer Consideration above or the arrangement separately agreed in writing among the Parties for the payment of the Transfer Consideration.
- 3.1.5 The Transferors acknowledge and agree that, the Transferors shall, and shall procure the entity holding the shares and ADSs of Pintec Cayman (including but not limited to the Transferor's Designated Entity) to, strictly abide by the provisions of applicable laws, regulations, and rules (including but not limited to any laws, regulations, and rules promulgated by the U.S. Securities and Exchange Commission) on the restrictions for transferring the shares and ADSs of Pintec Cayman.

3.2 Taxes and charges.

- 3.2.1 The Parties hereto shall bear their respective taxes and charges payable in connection with the Transaction hereunder in accordance with the provisions of applicable laws (for the avoidance of doubt, the Transferee shall pay only the stamp duty for this Transaction, and the Transferors shall pay all other taxes and charges). In the event of withholding obligations of the Transferee under applicable laws and regulations, the Transferors shall cooperate with the Transferee unconditionally to fulfill such withholding obligations. Except for the taxes and charges, the Parties shall bear their respective attorney, accountant, and other investment and consulting advisor fees incurred in connection with this Transaction.
- 3.2.2 If a Transferor fails to make full payment of taxes for this Transaction in accordance with the PRC Laws or the requirements of the competent Tax Authority, any overdue fines and penalties or any other liabilities shall be solely borne by the corresponding Transferor, and the Transferee has the right to (i) deduct and pay, on behalf of the corresponding Transferor, the due but unpaid taxes, overdue fines, penalties, or the amounts corresponding to any other liabilities directly from the outstanding Transfer Consideration and interests thereof (if any), and/or (ii) in accordance with the provisions of Article 8 hereof, hold the relevant party liable for violating the Agreement and claim compensation from such party.

Article 4 Closing

- 4.1 **Preparation of documents and delivery on the Closing Date.** Prior to the Closing Date, the Promisor shall, and shall procure the legal representative, directors, employees, etc. of the Target Company to sign, fully prepare, and deliver to the Transferee all the documents required to demonstrate that the Conditions Precedent to Closing provided in Article 7.1 hereof have been satisfied, including but not limited to any letters of consent and any resolutions to be signed by the Transferors and/or Target Company, and the legal representative, directors, and employees of the Target Company in connection with the implementation of this Transaction, and any other documents to be signed and filed according to the requirements of relevant Administration for Market Regulation or other Government Authorities for implementing this Transaction.
- 4.2 **Preparation for management handover.** The Parties agree that, after this Agreement is executed, the Promisors are responsible for organizing relevant persons to make preparation for handing over the management of the Target Company. The Parties further agree that, after the Execution Date, the Promisors shall admit the persons designated by the Transferee to the Target Company to find out and get familiarized with the management, finance, and assets of the Target Company, so as to make preparation for the management handover of the Target Company. Accounting and tax filing shall be handled by the Promisors at and prior to the Closing Date, and by the Transferee after the Closing Date.
- 4.3 **On-site closing.** The Parties agree that, on the Closing Date, the Transferee will send a representative to the office of the Target Company or another place separately agreed among the Parties, so as to take delivery of corresponding assets, documents, and archives of the Target Company on site from the representative designated by the Transferors. The representative designated by the Transferee shall, on the date of receiving the corresponding assets, documents, and archives provided herein, sign corresponding written confirmation documents based on the delivery. The assets, documents, and archives to be delivered include:
- 4.3.1 **Qualifications and licenses:** including but not limited to the original and duplicate business licenses of the Target Company and the originals of all other qualifications, permits, approval documents, and certificates obtained by the Target Company from Government Authorities since its incorporation, and a list containing the following specific information about such qualification certificates, including but not limited to the name, number, issuance date, validity period, annual inspection, link to the regulatory platform, account name, password, and other specific information of such certificates.

- 4.3.2 **Stamps:** including but not limited to the official stamp, contract stamp, financial stamp, signature stamp of the legal representative, and other stamps.
 - 4.3.3 **Organizational documents:** including but not limited to the articles of association, register of shareholders, capital contribution certificates, registration documents archived at the corporate registration authority, minutes/resolutions of shareholders' meetings (shareholders' decisions), minutes/resolutions of board meetings (decisions of the executive director), and minutes/resolutions of supervisory board meetings (decisions of the supervisor) since the incorporation of the Target Company.
 - 4.3.4 **Financial and tax materials:** including but not limited to all financial and tax materials since the incorporation of the Target Company, including but not limited to original vouchers, account books, bank accounts (and the passwords or keys thereof), account USB keys and relevant management permissions, notes, financial statements, account opening permits, and original tax filing documents since the incorporation of the Target Company.
 - 4.3.5 **Assets (if any):** relevant assets, materials, and documents in connection with the tangible assets, intangible assets, and Intellectual Property Rights to which the Target Company holds the ownership or right of use, including but not limited to hardware facilities, office equipment, lease agreements in their original, access permissions of leased properties, and certificates of Intellectual Property Rights.
 - 4.3.6 **Relevant contracts (if any):** The originals of all contracts, agreements, undertakings, representations, applications, and other legal documents to which the Target Company is a party.
 - 4.3.7 Other assets, documents, and archives (if any) in connection with the Target Company.
- 4.4 **Change in bank accounts.** The Promisors shall, at the request of the Transferee, go through formalities with the bank to change the name and stamp reserved for all bank accounts of the Target Company to the name and stamp of the person designated by the Transferee on the Closing Date.

Article 5 Representations and Warranties

- 5.1 From the Execution Date of this Agreement (including the Execution Date specified) to the Closing Date (including the Closing Date specified), each Promisor separately and jointly makes the following representations and warranties to the Transferee, who confirms that the Transferee relies on the truth, accuracy and completeness of such representations and warranties in all respects in the execution of this Agreement and other Transaction Documents, and shall, in case of violating any representation and warranty, bear joint and several liabilities for any loss caused to the Transferee thereby in accordance with this Agreement:
- 5.1.1 **Lawful establishment.** The Target Company is a limited liability company duly incorporated and validly existing with good standing under the PRC Laws.
- 5.1.2 **Legitimate rights of the Transferors to the Target Equity.** The Promisors have the capacity for civil rights and civil conduct in accordance with the PRC Laws to execute this Agreement and other Transaction Documents to which they are parties and to perform their obligations under the Transaction Documents. Appendix I hereof truly, accurately and completely reflects the equity structure from the Execution Date hereof to the date immediately preceding the Closing and the true equity structure in the Target Company. The Transferors have no dispute on their true shareholding ratio set forth in Appendix I. The registered capital of the Target Company has been paid in full and on time pursuant to the applicable PRC Laws and the time limit stipulated in the articles of association or other organizational documents above, without delays in the payment, false capital contribution or flight of capital. The source of the Target Company's paid-in registered capital and the actual cash in its account is true and legal. All previous changes in equity of the Target Company have been made following the necessary formalities of decision-making, resolution, notice, registration and filing, among others, in accordance with the law as per the legal and compliant transfer procedures, with all the corresponding transaction considerations having been paid to the relevant parties as set out in the relevant contracts. The equity of the Target Company is free from any existing or potential disputes, controversies, lawsuits, arbitrations, claims, enforcement or other administrative or legal proceedings. No shareholder of the Target Company has promised to issue or actually issued any interest, equity, debenture, preemptive right, stock option, convertible securities, option, employee incentive equity or other rights not exercised, additional equity commitment, or equity of the same or similar nature other than the shareholders' equity to any person in any form actually or potentially obliging the Target Company or its shareholders to sell or increase any registered capital of the Target Company. There is no nominee holding or similar arrangement, or pledge, mortgage or other security interest or any kind of Encumbrance (including but not limited to any agreement on conditional sale or other ownership retention, any lease of the above nature, any agreement conferring any security interest and any document designating a third party as the indemnitee of losses), or any other third-party right or interest (including, but not limited to, any option, conversion right or priority in any nature with respect to the equity of any person) on the equity of the Target Company. The Transferors have the legitimate right to transfer the equity held by them in the Target Company.

- 5.1.3 **No business.** The Target Company has never actually engaged in business, nor has it had any employee or branch, nor does it have any contract with or obligation remaining unfulfilled to a third party.
- 5.1.4 **No hindrance.** There is no matter that causes or may cause any delay, restriction or hindrance to the Promisors' performance of their obligations under the Transaction Documents. The Target Company has no state-owned asset and thus is not subject to any form of state-owned assets assessment or approval for disposal of state-owned assets as required by the PRC Laws and regulations in furtherance of completing the Transaction contemplated hereby.
- 5.1.5 **Authorization; validity.** The Promisors have validly executed this Agreement and other Transaction Documents to which they are parties, who have obtained all such authorizations, permits and approvals (including but not limited to internal authorizations of the Target Company) as are necessary for them to execute, deliver and implement the above documents and to perform their rights and obligations thereunder, and are capable of legally entering into this Agreement and other Transaction Documents to which they are parties as well as performing their obligations under the Transaction Documents. The obligations and responsibilities of the Promisors under this Agreement and other Transaction Documents are legal, effective and enforceable.
- 5.1.6 **No conflict.** The Promisors' execution, delivery and implementation of this Agreement and other Transaction Documents to which they are parties, and performance of their rights and obligations under the Transaction Documents will not: violate the PRC Laws; violate the articles of association or other organizational documents of the Target Company and the Promisors; violate any court judgment, ruling, arbitral award, administrative decision or order binding or applicable to the Promisors; breach any document, contract or agreement to which the Promisors are parties or by which they or their assets are bound; or result in any third-party claim against them.
- 5.1.7 **No liabilities or guarantees.** The Target Company is free from any liabilities, whether or not they are incurred, exact or contingent, and whether or not they are due or will be due. Additionally, the Target Company has not acted as a security provider, indemnifier, guarantor or other obligor for any liabilities of any Transferor or third party, nor has it provided any guarantee for the liabilities or interests of any Transferor or third party.
- 5.1.8 **Approvals and permits.** The Target Company has never actually carried out any business restricted or prohibited in respect of foreign investment, or engaged in any business activities without proper approval. Besides, the Target Company has obtained all necessary or appropriate approvals (including without limitation government approvals), licenses and permits with full effect and binding force for the scope of business in its business license, and has passed the annual inspection and other inspections required by such approvals or permits, while involving in no circumstances that may cause such approvals or permits to be suspended, released, canceled, withdrawn, revoked, restricted, unable to be renewed or invalid.

- 5.1.9 **Foreign investment and branches.** The Target Company does not directly or indirectly own any shares, equity or other interests in any entity (i.e. any enterprise, firm, corporation, limited liability company, partnership, trust, group, joint venture, organization, government authority or other entity of whatever kind), or have any other investment or commitment on investment. No branch has been established by the Target Company.
- 5.1.10 **No insolvency.** There is no order, request, application, decision, ruling, resolution or other action requiring the Target Company to dissolve, go bankrupt, close down, liquidate or proceed with the like, nor is there any mortgage, judgment execution or summons against the assets of the Target Company. The Target Company is not found to be insolvent or unable to repay its debts, without call for it to repay its debts as they fall due.
- 5.1.11 **Taxes and fees.** Abiding by various tax laws and regulations, the Target Company has correctly, completely and timely declared all taxable income, paid all taxes and fees due and payable, and legally withheld all taxes subjected by the applicable PRC Laws to be withheld according to the requirements of the national and local tax authorities, without need to supplement or make up any taxes and fees, or punishment for violating relevant tax laws, regulations and rules. The Target Company has not received from any tax authority or any other competent authority any document calling for or requiring making up payment or any notice requesting to inspect or audit any tax return. There is no pending audit, measure, procedure, investigation, dispute or claim, nor is there any circumstance under which any tax authority or other competent authority may claim for taxes against the Target Company.
- 5.1.12 **No change.** As at the Closing Date since the establishment date of the Target Company: (i) the Target Company has not actually engaged in any business, without actual or expected Material Adverse Effect; (ii) except as otherwise specified herein or with the prior written consent of the Transferee, the Target Company has not been in any of the following events:
- (1) Any event set out in items (1) to (10) of Article 6.1.1 hereof;
 - (2) Any litigation, arbitration or administrative or judicial investigation (other than routine administrative inspection) against the Target Company, or litigation or arbitration by the Target Company;
 - (3) Any Material Adverse Effect;

- (4) Any transfer of the Target Company's assets or generation of any non-operating or abnormal operating liabilities; or
- (5) Any undertaking, consent or permit to take any action set forth in the foregoing.
- 5.1.13 **Tangible movable property.** The Promisors have truly, accurately and completely disclosed to the Transferee the tangible movable property owned or entitled to use by the Target Company as at the Execution Date hereof. The Target Company is the legal owner and user of the tangible movable property and can operate the same independently. Such tangible movable property is free from any Encumbrance and is in good condition for effective use (except normal loss). The use or operation of the tangible movable property by the Target Company complies with the PRC Laws without infringement upon any third-party rights and interests.
- 5.1.14 **Real estate.** The Promisors have truly, accurately and completely disclosed to the Transferee all the real estate (including but not limited to office space, etc.) owned or entitled to use by the Target Company as at the Execution Date hereof. The Target Company has the right to legally possess, own or lease the aforesaid real estate. The use or operation of the real estate by the Target Company complies with the PRC Laws without infringement upon any third-party rights and interests.
- 5.1.15 **Intangible assets.** The Promisors have truly, accurately and completely disclosed to the Transferee the intangible assets owned or entitled to use by the Target Company as at the Execution Date hereof. The Target Company is the legal owner or user of the intangible assets, the assets of which are valid and enforceable according to law subjecting to no matter that may lead to the invalidity or unenforceability thereof or Encumbrance. The ownership and/or use of the intangible assets by the Target Company has not and never infringed any intellectual property and other legitimate rights and interests of others, which have been registered or filed as per all necessary procedures according to law.
- 5.1.16 **Ongoing Contracts.** The Promisors have truly, accurately and completely disclosed to the Transferee all contracts concluded by the Target Company and any of its suppliers, customers, other partners, transferors or Affiliates which are still valid or have not been fulfilled as at the Execution Date hereof (collectively, "**Ongoing Contracts**"). The Ongoing Contracts are legal, effective, binding and enforceable to all the corresponding contractual parties, without default by the Target Company or other parties thereto during the performance thereof.

- 5.1.17 **Employee-related issues.** The Promisors have truly, accurately and completely disclosed to the Transferee the information of the name, employer, subordinate department, employment time and whether there is any written labor contract on all employees of the Target Company having labor relations with the latter as at the Execution Date hereof. The Target Company has handled social insurance and housing provident fund registrations in accordance with the PRC Laws, without violation of applicable PRC Laws on labor (including but not limited to labor contract, wage, withholding taxes for employees, working hour, social insurance and housing provident fund payment, etc.), or any liabilities, contingent debts or outstanding fees arising from requirements of applicable PRC Laws on labor. There is no outstanding economic compensation or indemnity with respect to the cancellation or termination of labor relationship or other employment relationship-related payment obligation for the like on the part of the Target Company, nor is there any existing or potential dispute or controversy between the Target Company and its existing or former (if any) employees over labor.
- 5.1.18 **Affiliate-related issues.** The Target Company has no related party transaction with any of its shareholders, directors, officers, employees or their respective Affiliates. The pricing of any related party transaction (if any) of the Target Company is in line with the fair market price, and there is no event damaging the interest of the Target Company by means of benefits transfer or in any other way.
- 5.1.19 **Legal and administrative proceedings.** There is no pending, upcoming or threatened (to the knowledge of the Promisors) litigation, arbitration, administrative investigation, administrative penalty, enforcement, other legal or administrative proceeding, or claim against or affecting the Target Company and any of its property, rights, licenses, operations or businesses; nor is there any event, circumstance or scenario that may directly or indirectly triggering, or provide basis for, such legal or administrative proceedings.
- 5.1.20 **Compliance with law.** The Target Company has been in all respects fully compliance with the PRC Laws or applicable laws in other jurisdictions governing its business conduct, business activities or operations, as well as its ownership, management and use of any assets and properties. No event, circumstance or scenario has occurred that may, in all respects, reasonably be expected to constitute or directly/indirectly result in the violation of any of the aforesaid legal provisions.
- 5.1.21 **Anti-corruption.** None of the Transferors, the Target Company and their respective employees, directors, representatives and agents have carried out or engaged in any conduct prohibited by laws, regulations, rules and codes in the PRC and any other jurisdiction relating to anti-bribery, anti-corruption, anti-money laundering, fraud and other similar activities, anti-terrorism, economic sanctions and anti-boycott (“**Anti-corruption Laws**”), and other legally binding measures.

- 5.1.22 **No agency.** The Target Company has retained no investment bank, financial adviser, broker or other intermediary that may charge commissions for the Transaction contemplated hereby, and is not obliged to pay commissions to such institutions.
- 5.1.23 The Transferors understand that the Consideration Shares to be issued to them by Pintec Cayman hereunder are “restricted securities” in nature, which have not been registered under the U.S. Securities Act of 1933 as amended (“**Securities Act**”) or any other applicable state securities laws as of the Closing Date. The Transferors further understand that the holders of the Consideration Shares to be issued shall, before such shares are registered in accordance with the Securities Law or are exempted from registration, hold such shares for an indefinite term. The Transferors acknowledge that they are familiar with Rule 144 and other rules promulgated by the Securities and Exchange Commission under the Securities Act as amended (“**Rule 144**”), and have been aware that Rule 144 allows resale only in certain circumstances.
- 5.1.24 **Information disclosure.** The Promisors have truthfully, completely and accurately disclosed to the Transferee: (i) all information, documents and materials required by the Transferee, together with such information, documents and materials as are or may be substantially related to the performance hereof by any Promisors; and (ii) the information, documents and materials that have or may have a material effect on the Transferee’s willingness to enter into this Agreement or the Transaction contemplated hereby. All documents, materials and information provided by the Promisors to the Transferee before and after the execution hereof are true and accurate without omission and misleading in all material respects, and there are no issues that should be disclosed but have not been disclosed due to negligence that are sufficient to cause Material Adverse Effects on the Target Company or may have material effects on the decision-making of the Transferee in the Transaction contemplated hereby.
- 5.1.25 **Issues related to compliance with the U.S. Securities Act.**
- (i) Investment experience. The Promisors, including the Transferors’ Designated Entity, have sufficient experience in the relevant investment such that they can weigh the risk of investing in the Non-voting Ordinary Shares hereunder, and are able to bear the economic losses and other risks related to the investment.
- (ii) Non-continuing offering. The purchase by the Promisors, including the Transferors’ Designated Entity, of the Non-voting Ordinary Shares hereunder is not for the account of a third party or for the purpose of continuing offering, the entity of which has not entered into any arrangement for direct or indirect transfer or continued offering in violation of relevant securities laws and regulations.

(iii) Solicitation. The Promisors, including the Transferors' Designated Entity, have reached no investment intention for the marketing or any general promotion activities related to the Transaction hereunder.

(iv) Information. The Promisors, including the Transferors' Designated Entity, have consulted relevant financial, tax and/or legal experts on the investment of the Non-voting Ordinary Shares hereunder based on their own needs.

(v) Non-U.S. person. The Promisors, including the Transferors' Designated Entity, are not U.S. persons as defined in Rule 902 of Regulation S promulgated by the Securities and Exchange Commission.

(VI) U.S. overseas transaction. The Promisors, including the Transferors' Designated Entity, understand that the Non-voting Ordinary Shares to be issued by Pintec Cayman in connection with the transaction contemplated hereby are based on the exemption of the main registration required by the U.S. Securities Act under Regulation S, who subscribe for the Non-voting Ordinary Shares hereunder in accordance with such exemption.

5.2 From the Execution Date of this Agreement (including the Execution Date specified) to the Closing Date (including the Closing Date specified), each Party hereto respectively makes the representations and warranties to the other Parties, as follows:

5.2.1 **Valid existence.** It is a legal entity duly incorporated and validly existing under the PRC Laws.

5.2.2 **Authorization; validity.** It has validly executed this Agreement and other Transaction Documents to which it is a party, who has obtained all such authorizations, permits and approvals (including but not limited to internal authorizations) as are necessary for it to execute, deliver and implement the above documents and to perform its rights and obligations thereunder, and is capable of legally entering into this Agreement and other Transaction Documents to which it is a party as well as performing its obligations under the Transaction Documents. Its obligations and responsibilities under this Agreement and other Transaction Documents are legal, effective and enforceable.

5.2.3 **No conflict.** Its execution, delivery and implementation of this Agreement and other Transaction Documents to which it is a party, and performance of its rights and obligations under the Transaction Documents will not violate: the PRC Laws; its articles of association or other organizational documents; or any court judgment, ruling, arbitral award, administrative decision or order binding or applicable to it.

5.3 **Survival of representations and warranties.** Any representation and warranty hereunder and submitted in accordance herewith shall survive the execution hereof and the completion of the Target Equity transfer hereunder.

Article 6 Covenants of the Promisor and the Transferee

6.1 **Covenants of the Promisor.** The Promisors hereby make the following covenants with respect to matters involving the acts of the Target Company.

- 6.1.1 **Obligations during the Transition Period.** During the period from the Execution Date through the Closing Date, without the prior written consent of the Transferee, the Target Company shall not and the other Promisor shall cause the Target Company not to:
- (1) issue or sell any debentures or other securities of the Target Company (or any options, warrants or any other right to purchase equity), increase or decrease the registered capital of the Target Company, transfer the equity of the Target Company, or create or permit to create any Encumbrance on any part of the equity of the Target Company;
 - (2) merge or consolidate with or into, purchase any assets of, or invest in, any third party;
 - (3) amend the articles of association of the Target Company (unless otherwise specified in the Transaction Documents);
 - (4) amend any accounting methods, practices or policies of the Target Company, except for amendments required by applicable accounting standards;
 - (5) enter into any contract, amend or adjust the terms of any existing contract, or agree to terminate any existing contract;
 - (6) provide any third party with any loan or provide security for the debts of any third party; incur, assume or give rise to any debt;
 - (7) institute or settle any litigation, arbitration or administrative proceeding;
 - (8) take any action that may reasonably be expected to result in failure to satisfy any Condition Precedent to Closing as provided in the Transaction Documents, or take any other action that is likely to have actual or potential adverse effects on any transaction under the Transaction Documents (including but not limited to any action that causes any representation or warranty of the Promisors herein to be false or incorrect in any material respect);
 - (9) transfer the book cash of the Target Company through various means; and

(10) make any arrangement or covenant or reach any agreement with respect to any of the foregoing.

- 6.1.2 **Right of Inspection and Right to Information.** During the period from the Execution Date through the Closing Date, the Promisors shall assist the Transferee in obtaining all such financial, operating and information of the Target Company as reasonably requested by it. In addition, the Promisors shall promptly notify the Transferee of any pending or threatened litigation, arbitration or administrative proceeding with respect to the Target Equity or the assets, finance and/or revenue of the Target Company. The right of inspection granted to the Transferee hereunder and the Transferee's knowledge and inspection of the information provided to it will not affect or limit in any respect any of the Promisors' representations or warranties hereunder.
- 6.1.3 **Negotiations with the Transferee.** Subject to the provisions of Article 6.1.1 hereof, during the period from the Execution Date through the Closing Date, the Promisors shall promptly notify in writing the Transferee of, and negotiate and discuss with the Transferee regarding, all events, conditions, facts and circumstances that would or may reasonably be expected to result in failure to satisfy any Condition Precedent to Closing or that are likely to cause the Promisors to violate any of its representations, warranties or covenants in the Transaction Documents.
- 6.1.4 **Waiver and Exemption.** Each Transferor hereby acknowledges and agrees that, on the Closing Date of the Transaction, the Transferor waives any claim, demand or assertion (if any) against the Target Company, and the Target Company does not have any outstanding obligation or liability to such Transferor.
- 6.1.5 **AIC Change Registration.** Following the Closing Date, the Target Company shall, and the Transferor shall cause the Target Company to, within thirty (30) days of receipt of the Transferee's instructions, complete any AIC change registration with respect to the Transaction with competent Administration for Market Regulation as per the Transferee's instructions and obtain a new business license issued by such Administration for Market Regulation. The AIC change registration shall reflect: (i) the holding of 100% of the Target Company's equity by the Transferee or its designated Affiliate upon such AIC change; (ii) the filing and registration of the New Articles of Association; and (iii) the filing and registration of the Removal of Original Key Personnel of the Target Company and of the Appointment of New Key Personnel. In effecting the AIC change registration with competent Administration for Market Regulation with respect to the Transaction under the Transaction Documents, the Promisors shall provide and/or execute all such documents as may be necessary for such AIC change registration (the "**AIC Registration Documents**"). The Parties hereby acknowledge that the substantive provisions of the AIC Registration Documents shall keep consistent with this Agreement, provided that this Agreement shall prevail in case of any conflict with the AIC Registration Documents. The Parties further acknowledge that, to the extent that the Transferee designates any of its Affiliates to hold 100% of the Target Company's equity, the completion of the said AIC change registration by the Target Company is conditional upon the execution of a written supplemental agreement by the Parties with respect to such change in form and substance satisfactory to the Parties.

6.1.6 **Obligations to Cooperate.** The Promisors shall make their best efforts to take or cause to be taken all such actions and provide all such documents and assistance as may be necessary to assist the Transferee to, as soon as practicable following the Closing Date: (i) take over the Target Company completely; and (ii) complete relevant subsequent matters (if any) of the Target Company resulting from any change in connection with the Transaction. The Promisors covenant that, in addition to the said obligations to cooperate, if the Target Company needs to deal with or communicate any other matter with competent Government Authority or any third party (for the avoidance of doubt, whether such matter arises prior to the Closing Date or at any time subsequent to the Closing Date) that involves the Transaction, or the Target Company and/or the Promisors prior to the Closing Date, then the Promisors shall make their best efforts to take or cause to be taken all such actions and provide all such documents and assistance as may be necessary to assist the Transferee and the Target Company to complete any of the foregoing matters.

6.2 **Covenants of the Transferee.**

6.2.1 The Transferee covenants that it will perform any covenant made by it to the Transferors and the Transferors' Affiliates in accordance with the provisions of this Agreement and any supplemental agreement hereto (if any).

Article 7 Conditions Precedent to Closing

7.1 **Conditions Precedent to Transferee's Obligation to Close.** The performance by the Transferee of all obligations under Article 3.1 as of the Closing Date and of all obligations otherwise confirmed by the Parties in writing (if any) shall be conditioned upon satisfaction or waiver by the Transferee in writing at its own discretion of all of the following conditions. In addition, upon the prior written consent of the Transferee, the Conditions Precedent to Closing as set forth in Articles 7.1.6 and 7.1.7 may be satisfied within thirty (30) days following the Closing Date or any other period agreed by the Transferee in writing.

7.1.1 **Execution of Transaction Documents.** Each Party has duly executed the Transaction Documents to which it is a party, and has delivered to the Transferee the Transaction Documents so executed.

- 7.1.2 **Representations, Warranties and Covenants.** All representations and warranties of each Promisor herein shall be true, accurate, complete and not misleading in all respects during the period from the Execution Date hereof (inclusive) through the Closing Date (inclusive). Each Promisor hereto has performed or complied with all material covenants, obligations and agreements that it shall perform or comply with on or prior to the Closing Date under the Transaction Documents (in particular, onsite handover procedures to be completed under Article 4.3 hereof).
- 7.1.3 **Absence of Legal Proceedings** There shall be no current, pending or threatened administrative or judicial proceeding, or any claim brought by any Government Authority or any other entity that the Transferee reasonably believes could (i) prohibit, restrict or otherwise impede the Transaction in all or material respects, or (ii) cause the Transferee to otherwise raise any objection or make any claim or seek any other relief with respect to the Transaction in all or material respects, or (iii) restrict, attach conditions to or interfere with the Transaction in all or material respects.
- 7.1.4 **Absence of Legal Restrictions.** There shall be no PRC Laws or other applicable laws or any agreement, contract or document in effect that prohibits or restricts the consummation of the Transaction.
- 7.1.5 **Approval Procedures.** The shareholders (board of shareholders) and the board of directors/managing director of the Target Company have duly passed relevant written resolutions to: (i) approve the execution, delivery and performance of the Transaction Documents, and waive its right of first refusal and any other right that might affect the Transaction; (ii) adopt the new articles of associations of the Target Company (the “**New Articles of Association**”) to the satisfaction of the Transferee; (iii) remove the current legal representative, person in charge, directors (or managing director), supervisors, managers, contact persons, financial director and other Key Personnel of the Target Company (the “**Removal of Original Key Personnel**”), and elect new legal representative, person in charge, directors (or managing director), supervisors, managers, contact persons, financial director and other Key Personnel of the Target Company appointed by the Transferee (the “**Appointment of New Key Personnel**”). In addition, the Target Company has obtained or completed all such approvals, registrations, filings, consents or waivers (if applicable) of or with any competent Government Authority or third party as may be necessary for the execution, delivery and performance of the Transaction Documents and the consummation of the Transaction thereunder.
- 7.1.6 **Key Employees.** The Promisors have caused their key employees (a list of key employees is set out in [Appendix II](#)) to execute, deliver and perform all such labor contracts, intellectual property ownership and confidentiality agreements and non-compete agreements as acceptable and satisfactory to the Transferee.

- 7.1.7 **Business Systems.** The Promisors have delivered to the Transferee all technological products associated with the business systems set out in Appendix III hereto in such form and medium as acceptable to the Transferee, including but not limited to requirement documents, design documents, object codes, source codes, binary programs, process specifications, test reports, test cases, installation and deployment manuals, user manuals, experience summary and audio and video documents.
- 7.1.8 **Change of Bank Accounts.** The Promisors have, upon request of the Transferee, filed applications with the relevant bank and completed the change from the specimen signatures and seals of all bank accounts of the Target Company to the specimen signatures and seals of the Transferee's designated person.
- 7.1.9 **Absence of Material Adverse Changes.** As of the Closing Date, there shall be no or have not occurred any event, fact, condition, change or other circumstance that has given rise to or could reasonably be expected to give rise to any Material Adverse Effect on the equity, assets, financial condition, Liabilities and normal operations of the Target Company (including but not limited to any act that the Target Company shall not commit without the prior written consent of the Transferee as enumerated in Article 6.1.1 hereof).
- 7.1.10 **Approval Procedures of the Transferee.** The board of shareholders (if applicable) and/or the board of directors of the Transferee and its overseas Affiliate Pintec Cayman have/has duly passed relevant written resolution to approve the execution, delivery and performance of the Transaction Documents.
- 7.1.11 **Overseas Share Transfer Agreement.** Pintec Cayman and its subsidiary Sky City Holdings Limited (BVI), Riche Bright Hong Kong and Riche Bright Hong Kong's shareholder have entered into a certain Share Purchase Agreement setting forth that Sky City Holdings Limited (BVI) shall purchase from the shareholder of Riche Bright Hong Kong 100% of Riche Bright Hong Kong's equity, and such transaction has been consummated concurrently.
- 7.1.12 **Certificate of Satisfying Conditions Precedent to Closing.** Each Promisor has signed and issued to the Transferee a Certificate of Satisfaction of Conditions Precedent to Closing in such form and substance as set out in Appendix IV hereto, confirming that all Conditions Precedent to Closing under this Article 7.1 have been satisfied.
- 7.2 The Transferee covenants that it shall cause Pintec Cayman to nominate and appoint a person jointly designated by the Transferor as a director of Pintec Cayman on the Closing Date, and to issue to the Transferor an updated register of directors of Pintec Cayman.

- 7.3 The Promisors shall procure the Conditions Precedent to Closing as described in Article 7.1 hereof to be satisfied as soon as practicable, and the Closing Date shall in no case be later than June 30, 2021 or any other date otherwise agreed upon by the Transferor and the Transferee (the “**Closing Deadline**”). Upon execution of this Agreement, if any Condition Precedent to Closing described in Article 7.1 hereof has not been satisfied or waived in writing by the Transferee prior to the Closing Deadline, then the Transferee shall have the right to terminate this Agreement by written notice in accordance with the provisions of Article 9 hereof.

Article 8 Breach of Contract and Indemnification

- 8.1 **General Liabilities for Breach of Contract.** In the event that any Party is in breach of any of its representations, warranties, covenants, agreements or other provisions hereunder, or any representation/warranty made by any Party hereunder is untrue, inaccurate, incomplete or misleading, thus causing any other Party to bear any expenses, liabilities or losses (“**Indemnifiable Losses**”), then the breaching Party or the Party making such misrepresentation shall indemnify such other Party against all Indemnifiable Losses.
- 8.2 **Specific Liabilities for Breach of Contract.** The Promisors hereby jointly and severally agree that, they shall jointly and severally indemnify, defend and hold harmless the Transferee and/or (if the Closing has taken place) the Target Company and/or their respective Affiliates, directors, partners, shareholders, employees, agents and representatives (collectively, the “**Indemnitees**”) from and against any Indemnifiable Losses, whether directly or indirectly, suffered, sustained or incurred by the Transferee and/or (if the Closing has taken place) the Target Company and/or claimed against the Indemnitees in connection with or as a result of:
- 8.2.1 any tax reporting or payment obligations or other obligations, liabilities, fines or penalties to be borne by the Indemnitees as a result of the Transaction under PRC Laws, other than stamp duty leviable on the Transaction;
 - 8.2.2 any loans, debts, Liabilities, guarantees and other contingent debts incurred by or derived from the Target Company on or prior to the Closing Date, or any debts, Liabilities and obligations generated from any abnormal business operations conducted by the Target Company after the Closing Date as a result of any event occurring on or prior to the Closing Date;
 - 8.2.3 any of the following acts committed by the Transferors or the Target Company prior to the Closing Date: (i) a violation of PRC Laws, Anti-corruption Laws or other applicable laws and regulations or any approval; (ii) a violation of any contract or agreement to which it is a party or by which it is bound; (iii) an infringement upon the rights and interests of any third party (including but not limited to Intellectual Property Rights, trade secrets and personal and private information); (iv) failure to declare, fully pay, withhold or duly pay any Taxes due that it shall declare, pay or withhold pursuant to PRC Laws (including but not limited to VAT and development fees for cultural undertakings), social insurance contributions and housing provident fund (including but not limited to any fine, surcharge, penalty and interest in relation to Taxes, social insurance contributions and housing provident fund).

- 8.3 Each Transferor hereby acknowledges, agrees and covenants that the Transferor shall not claim compensation from the Target Company in respect of any claim made by the Indemnitees against it in accordance with this Agreement, nor shall it request the Target Company to compensate it for any indemnity or compensation paid to the Indemnitees hereunder.

Article 9 Termination

9.1 Rescission

This Agreement may be rescinded in the following manner:

- 9.1.1 The Parties hereto shall jointly rescind this Agreement by written agreement and determine the effective date of such rescission;
- 9.1.2 Prior to the Closing Date, if and when any of the following circumstances arises, any Party (except otherwise set forth below) may rescind this Agreement by giving written notice to the other Parties:
- (1) The Conditions Precedent to Closing as set forth in Article 7.1 hereof have not been satisfied or waived in writing by the Transferee prior to the Closing Deadline only to the extent that the Transferee has the right to rescind this Agreement;
 - (2) Any representation or warranty of any other Party, when made or as of the Closing Date, is untrue, inaccurate, incomplete or misleading or omits any information, and has given rise to or could reasonably be expected to give rise to any Material Adverse Effect on the performance by the Target Company or the Parties of this Agreement or the consummation of the Transaction;
 - (3) Any other Party hereto has committed a material breach hereof, and fails to rectify such breach within thirty (30) days upon receipt of the Transferee's rectification request;
 - (4) Any other Party hereto has entered any voluntary or compulsory bankruptcy proceeding (unless such proceeding is terminated within ninety (90) days following the commencement thereof) or has been declared bankrupt by a competent court or any other Government Authority;
 - (5) The performance of this Agreement has been greatly interfered with by Force Majeure for more than six (6) consecutive months; or

- (6) The primary purpose of this Agreement cannot be achieved or the primary interests of the Transferee hereunder cannot be realized due to any significant change in applicable PRC Laws or the interpretation thereof, or any amendment, supplement or repeal of applicable laws and regulations or the interpretation thereof by any Government Authority.

9.2 Effect of Rescission

- 9.2.1 Unless otherwise set forth herein, this Agreement shall lapse upon rescission based on any paragraph of Article 9.1 hereof, provided that Articles 8 to 12 hereof shall survive such rescission.
- 9.2.2 Unless otherwise set forth herein, upon rescission of this Agreement, the Parties hereto shall make their best efforts to restore them to their pre-contract position based on the principles of fairness, reasonableness and good faith within thirty (30) days or any other period otherwise determined by the Parties, including but not limited to that the transfer of the Target Equity by the Transferee back to the Transferor, and the Transferor shall and shall procure the Transferor's Designated Entity to (1) return to Pintec Cayman the Consideration Shares that have been acquired; and (2) upon the Transferee's consent, refund into the Transferee's designated bank account the Transfer Consideration for the Consideration Shares that have been converted. The rescission of this Agreement shall not affect the right of any Party to obtain indemnity or compensation hereunder.

Article 10 Force Majeure

- 10.1 In the event that any Party hereto fails to perform or fully perform this Agreement directly as a result of any earthquake, typhoon, flood, fire, epidemic, war, riot, hostile act, civil unrest, strike, plague, severe infectious disease and other unforeseeable, unpreventable and unavoidable force majeure event ("**Force Majeure**"), then the Party affected by Force Majeure shall not be held liable for such failure to perform or fully perform this Agreement; provided, however, that the affected Party shall give written notice to the other Parties without delay in such manner as set forth in Article 12.10 hereof, and shall provide the other Parties with details of such Force Majeure event within fifteen (15) days upon the giving of such written notice, explaining reasons for failure to perform or fully perform or the need to delay in performance of this Agreement.
- 10.2 If the Party claiming Force Majeure fails to notify the other Parties and provide proper certification in accordance with the aforesaid provisions, such Party shall not be relieved of any liability for failure to perform its obligations hereunder. The Party affected by Force Majeure shall make reasonable efforts to mitigate all consequences arising therefrom, and shall resume the performance of all obligations hereunder as soon as practicable upon cessation thereof. If the Party affected by Force Majeure fails to resume the performance of relevant obligations upon disappearance of the cause for such relief due to Force Majeure, such Party shall be liable therefor to the other Parties.

- 10.3 If and when any Force Majeure event occurs, the Parties shall immediately negotiate with one another in an effort to reach a fair resolution and make all reasonable efforts to minimize all consequences arising therefrom.

Article 11 Confidentiality

- 11.1 Each Party shall keep confidential the execution and terms of this Agreement, any other Party's confidential information and know-how of which it becomes aware during the term of the Transaction Documents and any oral or verbal materials exchanged among the Parties in connection with the preparation or performance of the Transaction Documents, and shall not disclose the same to any third party.
- 11.2 The Transferor and their respective shareholders, partners and actual beneficiaries understand that, following the Closing Date, trade secrets are of extreme importance to the Target Company and/or the Transferee, and that the disclosure of trade secrets may directly or indirectly benefit the competitors of the Target Company and/or the Transferee, and harm the interests of the Target Company and/or the Transferors and/or their respective Affiliates. Therefore, the Transferors agree that, following the execution of this Agreement, except for the purpose of facilitating the performance of the obligations of the Transferors and the Target Company hereunder, the Transferors shall and shall cause their respective Affiliates and the directors, officers, employees, accountants, advisors, representatives and agents of the foregoing to keep confidential all trade secrets, and shall take all reasonable measures to protect the confidentiality and avoid the disclosure and use of trade secrets to prevent the same from entering into the public domain or coming into possession of any unauthorized person. Following the Closing, without the prior written consent of the Transferee, the Promisors and the Transferors shall not, or shall cause their respective shareholders, partners and actual beneficiaries not to disclose, duplicate or use any trade secrets in any manner, and shall perform the delivery obligation to the Transferee in accordance with the provisions of Article 4 hereof, or delete or destroy any article or medium incorporating or excerpted from trade secrets at the request of the Transferee.
- 11.3 The Transferee agrees that, prior to the Closing Date, except for the purpose of facilitating the performance of its obligations hereunder, it shall and shall cause its Affiliates, directors, officers, employees, accountants, advisors, representatives and agents to keep confidential all trade secrets.
- 11.4 Such limitation shall not apply to any information: (i) that has been made available to the public at the time of disclosure; (ii) that has been disclosed upon the prior written consent of the disclosing Party; (iii) that the receiving Party discloses to its Affiliates, directors, officers, employees, accountants, advisors, representatives and agents who agree to be bound by confidentiality obligation for the purpose of engaging in the transactions hereunder; and (iv) that has been disclosed by any Party as required by competent Government Authority or stock exchange. To the extent feasible, the disclosing Party shall, within a reasonable period of time prior to such disclosure, negotiate with the other Parties with respect to the disclosure, and shall seek confidential treatment thereof as soon as practicable upon reasonable request of the other Parties.

- 11.5 Without the prior written consent of all Parties hereto, no Party shall publish any press release or make any announcement or other public disclosure with respect to the Transaction.

Article 12 Miscellaneous

- 12.1 **Effective Date.** This Agreement shall become effective as of the date first written above after it is duly signed by the Parties (in the case of natural persons, affixed with their signatures; in the case of legal persons or other non-natural persons, affixed with their seals), and constitutes legal, valid and binding rights and obligations of the Parties, enforceable against the Parties in accordance with its terms.
- 12.2 **Governing Law.** The execution, effectiveness, performance, interpretation and termination of and resolution of disputes arising from this Agreement shall be governed by PRC Laws.
- 12.3 **Dispute Resolution.** Any dispute, controversy or complaint arising from or in connection with this Agreement or the interpretation, breach, termination or validity hereof shall be resolved by the Parties through negotiations, provided that such negotiations shall commence immediately upon a Party's written request to the other Parties. Should such negotiations fail, any Party may refer the dispute to Beijing Arbitration Commission for arbitration in Beijing in accordance with its arbitration rules in effect at the time of filing the petition for arbitration. The arbitral award shall be final and binding upon the Parties. In the course of the arbitral proceedings conducted pursuant to this article, except for matters referred to arbitration, this Agreement shall remain in full force and effect in all respects. Except for obligations involved in arbitration, the Parties shall continue to perform their obligations and exercise their rights hereunder.
- 12.4 **Short Form Agreement.** The Parties agree that, for the purposes of facilitating the efforts to effect governmental procedures in connection with the Transaction, the Parties shall negotiate in good faith to separately enter into any other contract, agreement or document with respect to matters hereunder (including but not limited to short form equity transfer agreement and other documents required to be executed by competent Administration for Market Regulation and/or Tax authority, if applicable), provided that this Agreement shall prevail in case of any conflict or inconsistency with such contract, agreement or document.

- 12.5 **Entire Agreement.** This Agreement constitutes the entire agreement reached by the Parties with respect to the subject matter hereof, and supersedes all oral or written agreements, covenants, representations and conditions made by and among the Parties prior to the execution hereof, whether express or implied.
- 12.6 **Waiver.** No failure or delay on the part of any Party hereto in exercising any right or remedy under this Agreement and any modification or supplemental agreement hereto shall constitute or be deemed a waiver of such right or remedy; no single or partial exercise of such right and remedy shall preclude further exercise thereof.
- 12.7 **Severability.** In the event that any provision hereof is held to be illegal, invalid or unenforceable, then each Party agrees that such provision shall be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be impaired thereby. To the extent necessary to effect the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.
- 12.8 **Notices.** Any notice or other communication sent by a Party to any other Party in connection with this Agreement (the “**Notice**”) shall be made in writing and served on such other Party to the correspondence address, telephone/fax number or email set out below, and shall constitute a valid notice only if indicating the name of the following contact persons. Any Notice delivered in the manner set out below shall be deemed to have been duly served: (i) if delivered by hand, at the time of signing by the notified Party; (ii) if delivered by registered mail, on the seventh (7th) days upon posting, or if delivered by courier, at the time of signing by the notified Party; or (iii) if transmitted by email, at the time when the email arrives at the recipient’s email system. In case of any change to the above correspondence address or notification method of any Party (the “**Changing Party**”), the Changing Party shall notify the other Parties of such change within seven (7) days upon such change. The Changing Party who fails to promptly notify the other Parties as agreed above shall bear any losses caused thereby.

Transferors

Address: Rooms 701-703, Tower B, Building 7, Shenzhen Bay Eco-Technology Park, Nanshan District, Shenzhen
Tel: 18680337570
Contact Person: Peng Yingzi
Email: pengyingzi@glbdata.com

Target Company (Prior to Closing)

Address: Room 813, Building D, Banweiyuan, No.17 Yongxiang East Road, Ma’antang Community, Bantian Sub-district, Longgang District, Shenzhen
Tel: 13631238177
Contact Person: Chen Fuyan
Email: 479503984@qq.com

Transferee and Target Company (After Closing)

Address: No.17 North Road of East 3rd Ring, Chaoyang District, Beijing

Tel: +86 10 8564-3600

Contact Person: Steven Yuan Ning Sim

Email: Steven.sim@pintec.com

- 12.9 **Use of Names.** No Party shall or shall cause its Affiliates to use, publish or duplicate, for the purpose of marketing, advertising, promotion or otherwise, the name of any other Party or any of such other Party's Affiliates or any similar corporate name, trade name, trademark, product or service name, domain name, pattern, sign, mark or specific description that enables any third party to identify such other Party or Affiliate without the prior written consent of the other Parties.
- 12.10 **Assignment and Succession.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto, and such successors and assigns may enjoy the rights and assume the obligations hereunder. The Transferee shall have the right to assign to any of its Affiliates its rights, interests and obligations hereunder and under other Transaction Documents. Without the prior written consent of the Transferee, no other Party shall assign or transfer any of its rights or obligations hereunder.
- 12.11 **Modification and Supplement.** The Parties shall amend and supplement this Agreement by written agreement. Any amendment and supplemental agreement to this Agreement shall form an integral part hereof upon being signed by the Parties, and shall have the same legal force and effect as this Agreement.
- 12.12 **Appendices.** All appendices hereto shall form an integral part of and be in addition to this Agreement, with the same legal force and effect as this Agreement. In case of any conflict between any appendix hereto and this Agreement, the body of this Agreement shall prevail and apply mutatis mutandis.
- 12.13 **Language and Counterpart.** This Agreement is written in Chinese. This Agreement may be executed in several counterparts, with each counterpart having the same legal force and effect.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to execute this Agreement as of the date first written above.

Target Company:

Shenzhen Jishengtai Technology Co., Ltd. (Seal)

By: /s/ Yingzi Peng
Name: Yingzi Peng
Title: Legal Representative

Signature Page to Equity Transfer Agreement of Shenzhen Jishengtai Technology Co., Ltd.

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to execute this Agreement as of the date first written above.

Transferors:

Jing Shi

By: /s/ Jing Shi

Yingzi Peng

By: /s/ Yingzi Peng

Signature Page to Equity Transfer Agreement of Shenzhen Jishengtai Technology Co., Ltd.

IN WITNESS WHEREOF, each Party hereto has caused its duly authorized representative to execute this Agreement as of the date first written above.

Transferee:

Sky City (Beijing) Technology Co., Ltd. (Seal)

By: /s/ Xin Sun

Name: Xin Sun

Title: Legal Representative

Signature Page to Equity Transfer Agreement of Shenzhen Jishengtai Technology Co., Ltd.

Appendix I Equity Structure of Target Company

Part I Equity Structure of Target Company Preceding Closing Date

As of the Execution Date hereof, the equity structure of the Target Company is set out below:

#	Name of Shareholder	Subscribed Capital (RMB/Ten Thousand)	Shareholding Percentage	Remarks
1.	Shi Jing	90	90.00%	Transferor
2.	Peng Yingzi	10	10.00%	Transferor
	In Total	100	100.00%	—

Part II Equity Structure of Target Company Following Closing Date

Following the Closing Date, the equity structure of the Target Company is set out below:

#	Name of Shareholder	Subscribed Capital (RMB/Ten Thousand)	Shareholding Percentage	Remarks
1.	Pintec (Ganzhou) Technology Co., Ltd.	100	100%	Transferee
	In Total	100	100%	—

Appendix

Appendix II List of Key Employees

S/N	Name	Title
1	Liang Jiatae	Project Manager
2	Cai Yixin	Senior Development Engineer
3	Huang Sheng	Senior Development Engineer
4	Jin Luwei	Junior Development Engineer
5	Huang Liting	Junior Development Engineer
6	Zhong Lincheng	Junior Development Engineer
7	Huang Zhiwei	Junior Development Engineer
8	Cai Zexiong	Junior Development Engineer
9	Lai Jing	Test Engineer
10	Fu Mengqi	Test Engineer

Appendix

Appendix III List of Business Systems

<u>S/N</u>	<u>Name of System</u>	<u>Brief Description of Functions</u>
1	Online Account Opening System	Opening online accounts for mainland Chinese citizens/foreign citizens, including SMS verification, CA certification, identity verification and e-signature.
2	Security Management System	Enabling the employees of any securities trader to verify the account opening information of clients, approve inward and outward remittances, and manage client information
3	Transaction Settlement Counter	Realizing real-time transactions, after-hours settlement and stock management
4	App	Mobile trading software
5	Market Information Service	Forwarding real-time market information and calculating dynamic K-line data

Appendix

Appendix IV Certificate of Satisfying Conditions Precedent to Closing

Pursuant to the provisions of Article 7.1.12 of the Equity Transfer Agreement of Shenzhen Jishengtai Technology Co., Ltd. (the “**Equity Transfer Agreement**”) dated _____, 2021 by and among Shenzhen Jishengtai Technology Co., Ltd. (the “**Target Company**”), Shi Jing and Peng Yingzi (individually as the “**Transferor**”, and collectively as the “**Transferors**”), Pintec (Ganzhou) Technology Co., Ltd. (the “**Transferee**”) and other concerned parties, the Promisors hereby issue this Certificate of Satisfaction of Conditions Precedent to Closing (this “**Certificate**”) certifying that:

1. During the period from the Execution Date of the Equity Transfer Agreement through the issue date hereof, all representations and warranties made by the Promisors in Article 5 of the Equity Transfer Agreement in all material respects are true, complete, accurate, valid and not misleading, and do not omit any information;
2. As of the issue date of this Certificate, all Conditions Precedent to Closing under Article 7.1 of the Equity Transfer Agreement (except for conditions under Article 7.1.10 which shall be determined by the Transferee at its own discretion) have been satisfied.

The terms not specifically defined herein shall have the same meanings as those in the Equity Transfer Agreement and appendices thereto.

IN WITNESS WHEREOF, the Parties have executed this Certificate as of _____ . This Certificate shall become effective as of the date of execution.

[The remainder of this page is intentionally left blank; followed by signature page]

Jing Shi

By: /s/ Jing Shi

Yingzi Peng

By: /s/ Yingzi Peng

Shenzhen Jishengtai Technology Co., Ltd. (Seal)

By: /s/ Yingzi Peng

Name: Yingzi Peng

Title: Legal Representative

**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

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

FT Synergy Asia-Pacific Holding Pte. Ltd., a Singapore company

Shenzhen Yingfurisi Technology Information Co., Ltd., a PRC company

Pintec Huiju (Yinchuan) Technology Co., Ltd., a PRC company

Pintec (Xinjiang) Technology Co., Ltd., a PRC 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:

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

Qilehui Credit Information Co., Ltd, a PRC company

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Victor Huike Li, 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 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 Rule 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 30, 2021

By: /s/ Victor Huike Li

Name: Victor Huike Li

Title: Chief Executive Officer

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 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 Rule 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 30, 2021

By: /s/ Steven Yuan Ning Sim
Name: Steven Yuan Ning Sim
Title: Chief Financial Officer

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, 2020 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.

April 30, 2021

By: /s/ Steven Yuan Ning Sim

Name: Steven Yuan Ning Sim

Title: Chief Financial Officer



世辉律师事务所

SHIHUI PARTNERS

北京市朝阳区东三环北路甲26号博瑞大厦A座16层1606室 邮编: 100026

Suite 1606, 16/F, Tower A, Borui Plaza, No. A26 East 3rd Ring North Road, Chaoyang District, Beijing 100026, P.R.China

April 30, 2021

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:

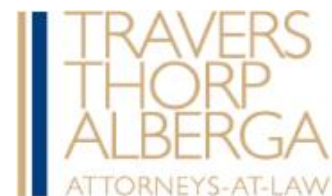
We hereby consent to the reference of our name under the headings “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure” and “Item 4. Information on the Company—C. Organizational Structure” in the Company’s annual report on Form 20-F for the year ended December 31, 2020 (the “Annual Report”), which will be filed with the Securities and Exchange Commission (the “SEC”) in the month of April 2021. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Shihui Partners

SHIHUI PARTNERS



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

30 April 2021

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, 2020, which will be filed with the Securities and Exchange Commission in the month of April 2021.

Yours faithfully

/s/ TRAVERS THORP ALBERGA
TRAVERS THORP ALBERGA

Tel +1 345 949 0699	Harbour Place, P.O. Box 472
Fax +1 345 949 8171	103 South Church Street
	Grand Cayman KY1-1106
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Beijing Office
Kerry Center South Tower 1 Guang hua Rd., #2419-2422, Chaoyang
Dist., Beijing 100020
T 8610.8518.7992



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 April 30, 2021, which includes an explanatory paragraph as to a change in accounting principle, with respect to our audits of the consolidated financial statements of Pintec Technology Holdings Limited as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 appearing in this Annual Report on Form 20-F of Pintec Technology Holdings Limited for the year ended December 31, 2020.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP
Beijing, China
April 30, 2021